It's time to offer behavior services

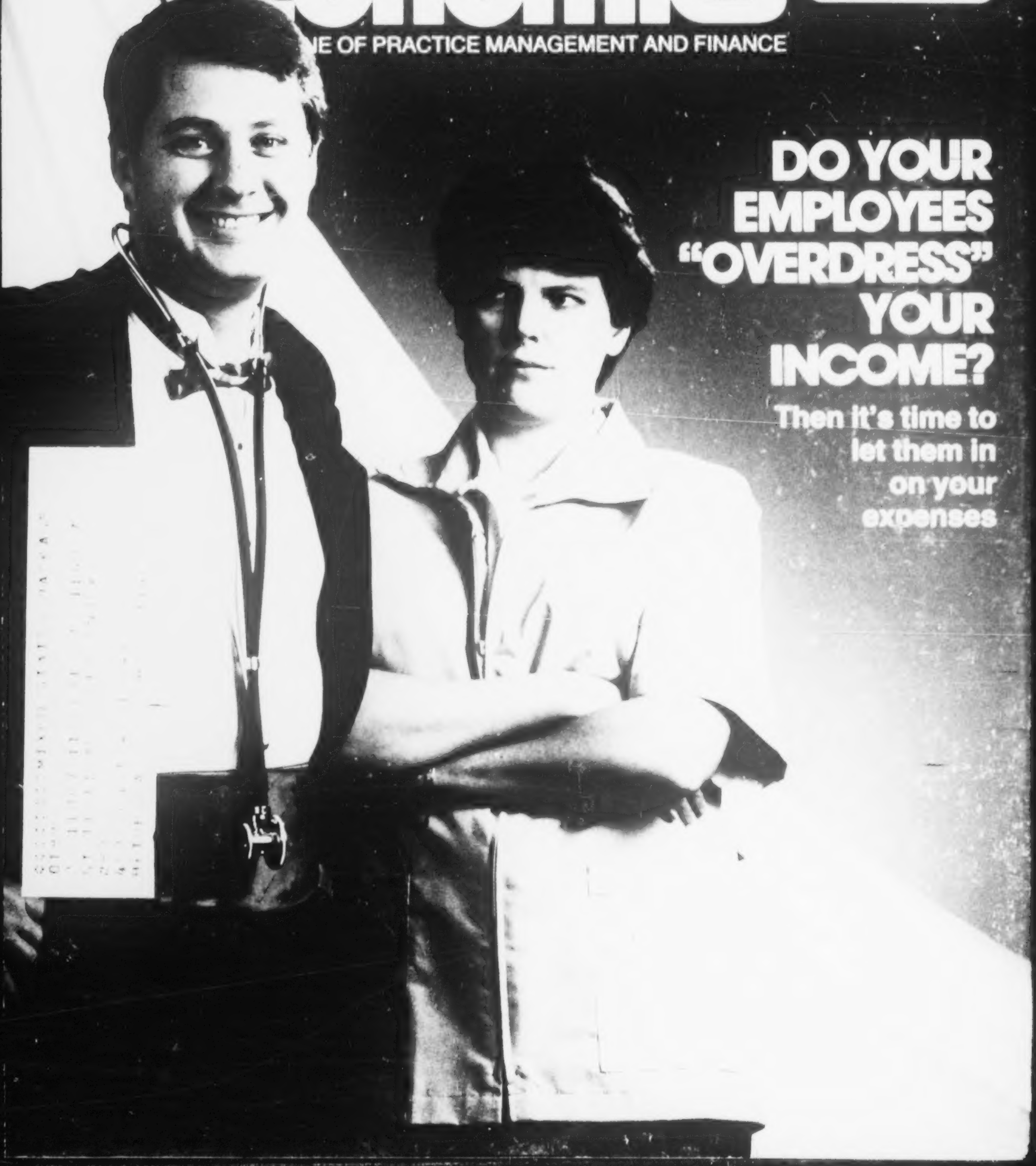
Galloping ahead in equine practice

EXPENSES CONSUME UP TO 70.2 PERCENT OF GROSS
SEE SURVEY RESULTS, PAGES 40, 42

NOVEMBER 19

veterinary economics

NE OF PRACTICE MANAGEMENT AND FINANCE



DO YOUR EMPLOYEES "OVERDRESS" YOUR INCOME?

Then it's time to let them in on your expenses

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MEMO FROM THE EDITOR

No more dirty looks

You've probably heard more than once that your income is not where it should be. Management consultants nationwide are waging a fierce campaign to convince you and your colleagues to realize your worth—and set your fees accordingly. Just the other day, a veterinarian called to tell me that he appreciates our contributors' efforts to pull practitioners away from what he described as their "Leave It to Beaver" fee schedules.

But while we're telling you that there is more money to be made—and that you deserve it—there is an important crowd of people who may see things another way. Those people are your employees, and in most cases, all they see is your income. Day after day, they see the money coming in, and because they know that *they* won't take much of it home, they figure the lion's share goes to you. Where, they wonder, do you get off moping about your grocery bill when so much money comes in your door?

The problem: They can't see the big picture. The reason? You won't show it to them. And when employees are left in the dark, they're more likely to conjure up images of your lavish lifestyle, shoot you a dirty look now and then, and be far less likely to cooperate. In this month's cover story, Dr. Alan Bush proposes a fairly obvious but radical solution: Tell them the truth. Tell your employees what the practice makes—and more important, what it spends. And if you need some nationwide averages to back you up, show them the results of our annual expense survey (pages 40, 42).

Dr. Bush says that by sharing more information with your staff, you'll do more than stop the dirty looks: You'll spark the beginnings of teamwork, and motivate your employees to manage themselves for the benefit of the practice. Of course, you'll have to give up some of your control, and a lot of your secrecy, but the payoffs are worthwhile. You'll stand a much better chance of controlling expenses and improving *everybody's* income if you and your employees play on the same team.

Becky Turner

Rebecca R. Turner

veterinary economics

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NOTEWORTHY

CLIENT CARE

How well do your clients care for their pets? According to an AAHA survey of 2,000 people who take their pets to a veterinarian:

71% say their pets are well-behaved most of the time

54% feed their pets table scraps

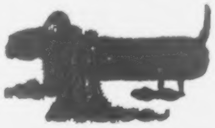
18% think their pets are overweight

50% bring their pets to a veterinarian for dental care

10% brush their pets' teeth at home

59% travel with their pets

70% exercise their pets daily



PROGRAM UNITES SICK KIDS WITH THEIR OWN PETS

Last spring, Stephanie Schrode, a 12-year-old cancer patient undergoing chemotherapy at the Cincinnati Children's Hospital Medical Center (CHMC), asked her mother to sneak her year-old toy poodle, Hootch, into the hospital in a pillowcase.

To Stephanie's surprise, Hootch arrived at the hospital without a disguise—and with much fanfare. The reunion kicked off the first "Pet Connection," a program created by the Cincinnati VMA (CVMA) in cooperation with the CHMC.

Unlike other pet-therapy programs, Pet Connection reunites a hospitalized child with his or her *own* cat, dog, or gerbil. Prior to each hospital visit, a licensed veterinarian makes sure that the pets are current on all vaccines, and free of any parasites and communicable diseases.

To help offset the costs of a pet visit—often a hardship for families coping with a child's long-term illness—CVMA president Dr. Bob Dahlhausen donated $1,000 to the hospital's Child Life Department to fund the pets' initial exams, treatment, transportation, and boarding. Dr. Zeke Zekoff, president-elect of the CVMA, examined Hootch prior to the visit.

The CVMA hopes to continue the pet-therapy program through both corporate funding and contributions of veterinary, kennel, and airline services and facilities.

Bob Levoy's

SUCCESS FILE

Handling sensitive situations at the front desk

Your receptionist's response to sensitive situations can make or break your practice image. How she responds is critical, for example, when:

- she doesn't know how to handle an incoming phone call;
- a client picks up his pet and discovers it's dirty, smelly, or has external parasites;
- a client becomes grief-stricken over a pet's death;
- a client complains about your fees, or about a disagreeable policy.

Does your receptionist know how you prefer she handle such situations—in word *and* spirit? If not, she'll need to rely on intuition, guesswork, or trial and error, any of which may be well-intentioned but woefully inadequate. I recommend two solutions:

- Develop an "answer book" for every sensitive situation that may arise at the front desk. Ask your staff—especially your receptionist—for input.
- Role-play such situations, with each person playing both client and receptionist. Critique the responses, and brainstorm for improvement. Then determine the most effective way to deal with each situation.

BOB LEVOY is a management consultant, author, and popular seminar speaker to the veterinary profession.

CALLING ALL HOSPITAL BROCHURES!

What makes a great veterinary hospital brochure? If you are proud of the design and contents of yours, we'd like to see it.

In an upcoming issue of VETERINARY ECONOMICS, Dr. Marty Becker will discuss the ingredients that go into creating an effective, client-pleasing brochure. In the same article, we'll show you several of the best brochures we receive from you and your colleagues.

Please send your brochure, plus a brief description of why you think it works so well, to: VETERINARY ECONOMICS, 9073 Lenexa Dr., Lenexa, KS 66215. For your brochure to be considered for inclusion in Dr. Becker's article, it must be postmarked no later than December 15, 1991. ■

DO YOUR EMPLOYEES "OVERDRESS" YOUR INCOME?

Then it's time to tell them about your expenses. Employees see the money coming in—and many assume you take most of it home. You'll do yourself, your practice, *and* your staff members a favor if you let them in on the truth.

By Alan Bush, DVM

Want your staff to show more commitment and initiative? Wish they would work harder and smarter? Then take the lead and share your finances with them.

"You've got to be kidding!" you say? I'm not, and here's why: Good employees want to feel that they are active participants in your practice. They want a sense of control over their destinies. That means that the commitment and initiative you expect from them must be a two-way street.

Don't panic. Telling your employees more about your practice does *not* mean management by democracy. Under participative management, employees don't get a vote. What they do get is accurate information about what's happening in the practice now, and what will happen in the future. They also get a say in their work, and a chance to share their suggestions and opinions.

Of course, most owner practitioners don't want to share financial information, because they don't want staff members to know how much (or how little) they take home. Withholding information, however, creates curiosity—curiosity that is easily satisfied by studying a day sheet or fee schedule, or by asking the receptionist a few innocent questions. Most staff members—through some simple extrapolation and a modicum of employee-to-employee communication—already have a notion of what you make.

I guarantee, though, that most of them guess far too high. And why wouldn't they? They can see what's coming into the practice, and they know what they make; most employees assume that the owner takes home the difference.

If you don't believe me, try the following exercise with your own staff—if you have the courage. At your next staff meeting, ask your employees to write down the answers to the following questions:

1. How much money comes into the practice during a good day?
2. How much money comes into the practice during a good week?
3. How much money comes into the practice during a good month?
4. How much money comes into the practice during a good year?
5. How much of this money goes toward expenses?
6. How much will Dr. Owner make in the next year?

I think you'll be surprised how much staff members know about the practice's intake—and how little they know about expenses. And it will probably shock you to see what they think you make.

Looking at the whole equation

If you want employees to show more initiative, then it's time to teach them the financial information they need to begin managing themselves. You can start the process at a staff meeting. Outline for your employees practice costs, revenues, and strategic priorities. Sharing this information will let your people know that you trust them. Would a good coach withhold the score from the team and expect the players to win the game anyway?

Sharing financial information at staff meetings also allows you to focus on the facts. Rather than presenting general impressions

---

THE AUTHOR, based in Big Key Pine, Fla., teaches a business development program called Modular Management Systems. A member of the National Speakers Association, he lectures on practice management.

SO THAT'S WHERE THE MONEY WENT

In the chart below, you'll find the average amount veterinary practices spent on each expense category in 1990. The percentages indicate the percent of gross practice income spent on each category.

	All DVMs	Small animal	Mixed animal	Large animal	Equine
Salaries, bonuses, retirement for non-DVM assistants	$60,300	$72,200	$50,800	$37,500	$27,000
	14.0%	16.5%	12.6%	8.0%	6.4%
Salaries, bonuses, retirement for employed DVMs	$31,500	$34,700	$26,700	$30,600	$27,900
	5.9%	6.2%	5.5%	6.0%	4.6%
Office or hospital mortgage or rent	$26,700	$32,400	$20,400	$17,800	$18,000
	7.1%	8.1%	6.4%	4.5%	5.4%
Drugs and medical supplies*	$76,800	$60,400	$95,500	$108,300	$81,400
	21.1%	16.2%	26.9%	26.4%	28.5%
Professional travel and continuing education	$6,955	$6,528	$7,322	$7,871	$7,745
	1.9%	1.6%	2.0%	2.5%	3.1%
New medical equipment and repairs	$14,566	$13,996	$15,644	$13,282	$16,768
	4.0%	3.7%	4.4%	4.1%	6.1%
Practice management consultants	$2,610	$3,497	$1,364	$2,160	$1,373
	0.5%	0.6%	0.3%	0.5%	0.2%
Other tax-deductible professional expenses	$26,605	$25,406	$29,751	$22,601	$27,582
	7.8%	7.5%	7.7%	8.1%	11.4%
Total practice expenses	$281,500	$289,900	$274,500	$281,300	$226,000
	70.2%	69.3%	72.2%	68.5%	71.7%

Source: VETERINARY ECONOMICS 1991 financial survey.

Base: Full-time practicing veterinarians. All figures are 1990 means (averages).

*Figures exclude retail products.

that are subject to perceptions and emotional interpretation, you can logically discuss current financial trends. The financial statistics you reveal are, of course, up to you, and they probably won't reveal everything about the practice. They will, however, provide a basis for rational comparisons. Black and white numbers can be hard to face, but they bring a sense of clarity and honesty to your practice.

I can hear the complaints already: "My private financial information will turn up all over town." "Our staff members won't understand the information." And my personal favorite, "My employees might demand a raise!" Yes, there are some risks involved. If you are understaffed or are underpaying your employees, the numbers will be hard to explain. If your practice is poorly managed, the numbers will say so. If your pay is deficient, you might be embarrassed—but it will open your eyes.

In my experience, the positive results outweigh the risks involved. For example, your employees will start to see themselves as part of a team. They'll begin to understand that if the practice is going to fulfill its purpose, then certain goals must be accomplished. If your practice is going to win for patients, clients, staff, and ownership, your staff needs to know the score.

Sharing pertinent financial information also makes your staff members feel important. It raises their self-esteem, and they begin to feel significant to the future workings of your practice. They also start to make better decisions. Most practice owners want their employees to process information, then make a decision and solve problems. Without the whole picture, however, they can't make good decisions. Information empowers them to understand and make decisions on their own.

> If your practice is going to win, your staff needs to know the score.

Let them help you

Employees develop knowledge about their jobs that practice owners may never understand. Their unique perspectives can be the source of great ideas about income enhancement and expense control—especially if you give them the information they need and make them feel part of a team. Even a complex computer system can't control expenses as well as a motivated team of people.

Financial knowledge puts your staff members in an ideal position to make suggestions on how to cut costs, how to enhance revenue, and so on. Rewarding this behavior will, in most cases, stimulate it; for example, you might reward your employees with cash bonuses, gifts, time off, educational opportunities, or simply the praise and recognition they crave.

When staff members know and understand the financial picture, they can take responsibility for their own profitability; they can measure their performance and make rational changes to improve their results. And when your staff members begin to manage their own positions and share the responsibility for maintaining profitability, you'll be free to focus on the big picture, which involves both leadership and planning. (See the box on page 44.)

The need is now

Why should you take the time and effort to make your employees feel a part of your practice? The internal benefits are outlined above, but there is a compelling external reason as well.

Veterinarians in North America are about to face an unprecedented employee crisis. Demographics reveal that there will be fewer entry-level employees available to fill the needs of all businesses in the next 10 to 15 years. There will no longer be an endless supply of high-school graduates eager to work for minimum wage with little chance for growth and advancement.

Even now, veterinarians are having a difficult time finding the right people. Among the stum-

A REGIONAL SAMPLING OF EXPENSES

As in the chart on page 40, the survey figures shown here include the actual amount, and the percentage of gross income, veterinary practices spent on each expense category in 1990. For a map of the regional breakdown used here, see page 70.

	Pacific	Mountain	South-Central	Plains	Great Lakes	Mid-South	South-Atlantic	Mid-Atlantic	New England
Salaries, bonuses, retirement for non-DVM assistants	$80,500	$34,600	$42,000	$58,800	$74,000	$51,200	$50,700	$67,400	$59,700
	15.8%	11.4%	14.9%	14.1%	13.3%	15.4%	14.2%	12.1%	14.5%
Salaries, bonuses, retirement for employed DVMs	$38,500	$24,100	$18,400	$25,600	$46,900	$27,500	$24,100	$29,700	$27,800
	6.7%	5.2%	5.4%	6.7%	7.5%	4.7%	4.2%	5.1%	5.7%
Office or hospital mortgage or rent	$39,200	$24,000	$17,600	$24,400	$29,200	$15,300	$27,300	$25,900	$22,500
	7.7%	8.7%	6.8%	7.7%	6.4%	5.1%	8.4%	5.9%	6.8%
Drugs and medical supplies[1]	$65,200	$58,900	$57,300	$99,500	$87,500	$68,000	$72,100	$103,500	$60,600
	15.1%	22.0%	22.5%	28.3%	20.8%	23.4%	21.1%	19.5%	18.5%
Professional travel and continuing education	$6,430	$4,963	$2,752	$6,080	$6,252	$5,753	$8,523	$15,146	$5,856
	1.6%	2.1%	1.2%	2.0%	1.6%	1.9%	2.1%	2.6%	1.8%
New medical equipment and repairs	$17,064	$11,132	$8,910	$13,791	$15,169	$12,895	$12,111	$24,487	$16,861
	3.5%	4.9%	3.5%	4.9%	3.6%	3.8%	4.2%	3.9%	4.7%
Practice management consultants	$2,140	$1,135	$1,738	$1,784	$7,832[2]	$646	$955	$2,089	$1,331
	0.4%	0.4%	0.5%	0.4%	1.0%[2]	0.5%	0.2%	0.4%	0.4%
Other tax-deductible professional expenses	$38,952	$32,995	$30,446	$26,954	$21,637	$22,946	$19,146	$24,585	$32,947
	10.9%	11.2%	7.3%	6.1%	7.2%	9.5%	7.5%	5.0%	9.8%
Total practice expenses	$358,800	$223,300	$193,700	$273,100	$329,300	$234,900	$241,200	$330,000	$269,800
	73.3%	74.3%	67.2%	74.3%	69.2%	73.3%	69.3%	64.1%	71.5%

[1] Figures exclude retail products.
[2] Due to rounding, these numbers may be inflated.

All figures are 1990 means (averages).
Base: Full-time practicing veterinarians.

For survey methodology, see the September 1991 issue, page 33.

▶

bling blocks is the fact that only about one person out of 20 has the personality and ability to master the skills needed in a veterinary practice. And of course, after you've found this person, it's not easy to set financial and emotional compensation packages that will keep the employee happy over the long haul.

If you want to avoid the coming crisis, and to reap the benefits of making your practice staff a team, isn't it time you let your employees know the score? ■

LEAD THE WAY

I saw the Chinese acrobats recently. At the end of the performance, a juggler, with the help of only one assistant, started 30 plates spinning. He balanced them with such dexterity that within a few minutes all of the plates were spinning at one time.

On the way home, my wife told me that the juggler reminded her of me when I opened my practice. "How so?" I asked (in Chinese, of course). Her answer: "Back then, you took responsibility for every task within the practice."

As I thought about it, I realized she was right. As a practicing perfectionist, I had been a one-man monopoly. Not only did I change every light bulb, I looked over everyone's shoulder and determined what plates to spin, and when to spin them.

At first, this approach seemed to work, but as the practice grew, it was a disaster. My practice was limited to what I could do and decide in one day. Little wonder I worked 12 hours a day, felt overwhelmed, and juggled money to get by. At times, the sound of plates striking the floor was deafening.

I knew, of course, that it was my responsibility to provide leadership, and I assumed that leading by example was the best way. Unfortunately, I interpreted "leadership by example" to mean that the leader did it all. This misunderstanding not only held back the practice, it kept staff members from fulfilling their potential. As a result, they proved inadequate when I needed them most.

After years of frustration, I discovered that effective leadership can be learned. I learned, for example, that a key role of a leader is to build faith and trust—the adhesives that hold a practice together. Leaders, I also learned, build trust through communication. By sharing information, they show their trust and respect for the staff.

What else makes a leader? Leaders tell their people what their organization stands for. They set a practice philosophy, involve staff members in its formulation, and stick to it. They know that it undermines leadership and drives employees crazy when they say, "We stand for X," and then show no commitment to "X." They don't say, "We want this practice to grow," if they themselves don't comply with the fee schedule.

Leaders also establish their practice policies as agreements—and a test of their own willingness and ability to follow through. In too many practices, policies are forgotten or ignored, undermining and disrupting the staff's commitment. A classic example: Practice policy says that payment is expected when services are rendered, yet the owner makes unexplained exceptions.

Leaders clarify staff responsibilities and aren't afraid to change a policy if it conflicts with the practice philosophy. Leaders also are listeners, a quality that creates respect and promotes trust. They welcome and implement employee suggestions. To build trust and reinforce commitment, they say "thank you" and give praise and recognition. I've yet to work with a practice in which the staff says they get too much of either.

In *Leadership Is An Art* (Doubleday, 1989), Max DePree defines leadership as, "Liberating people to do what is required of them in the most effective and humane way possible." I agree. The best leader is not a Chinese juggler, but a gardener charged with the growth and safekeeping of the staff.

EQUINE DOCTORS GALLOP ON IN TOUGH ECONOMIC CLIMATE

Despite challenging times in the horse industry, these practitioners stay on course with aggressive, client-centered business strategies. Here's how they overcome the economic hurdles looming along the way.

By Rebecca Gants SPECIAL ASSIGNMENTS EDITOR

A recent survey conducted by the American Association of Equine Practitioners (AAEP) shows that the top issue facing equine medicine today is the economic climate. "After experiencing the drunkenness of inflation in the early '80s, the hangover has been tough on the horse industry and equine practitioners," says AAEP Executive Director Gary Carpenter.

Most breed registries reflect a 13-percent population decrease in the last five years, Carpenter says. Cumulative totals of 17 breed registries listed 275,000 additional horses in 1989, compared to the 315,000 added in 1985. The declining horse population, spurred by the 1986 shift in tax shelters, has meant plummeting income for some equine doctors.

The tide may be changing: VETERINARY ECONOMICS' 1991 financial survey shows average gross practice income for equine veterinarians to be $384,600, a 17.3-percent increase over 1989. Net income rose as well, with equine doctors reporting an average $58,900, up 10.7 percent from 1989.

What pulls equine practitioners through tough economic times? Here, four of your colleagues share the management strategies they've used to thwart the tides of economic adversity. You'll also find a statistical profile of equine practitioners on page 70.

Garner name recognition

For solo equine practitioner Dr. Todd Behre, every day is a struggle to "cover enough miles to meet overhead, then find enough hours left in the day to handle administration." The 1987 Oklahoma State University graduate started a practice in 1989 out of his home in Blairstown, N.J., just 50 miles west of New York City. ▶

THE AUTHOR is a business and financial writer based in the Kansas City area.

Heavy traffic in the densely populated area keeps Dr. Behre on the road; he may spend 90 minutes driving to a stable that's no more than 35 miles away. After returning home, he returns phone calls, completes paperwork, and follows up on cases. "It makes for a long day, but I feel that if I'm up at 10:30 p.m. thinking about a certain horse, I can still call its owner to discuss the case. Most owners react favorably to follow-up at any hour," he says.

Dr. Behre's practice is growing despite the abundance of equine practitioners in the area. In the last three years, his roster of 200 clients has grown to nearly 600, and he averages 120 to 200 stable calls each month. His gross income has more than doubled from $42,000 in 1989, to a projected $100,000 this year.

Dr. Behre says that he keeps his practice on track and growing by educating his clients about preventive care. In addition to 4-H and riding-club lectures, he publishes a newsletter about detecting common horse ailments, and knowing when they require veterinary attention.

"During winter, for example, I see about four malnourished horses a month that have fallen on the ice and sustained injuries," he says. "Euthanasia often is the most prudent option, and it's frustrating to discuss horses' cold-weather calorie demands after it's too late. In a tough economy, grain purchases are the first budget items the owner reduces; there's no gentle way to phrase it: These horses starved to death."

Dr. Behre admits, however, that client education isn't easy. Among the obstacles: A 1989 law that requires Coggins testing every other year—a change that has slowed practice gross, he says. Loss of the profitable $15 service is compounded, he adds, when owners neglect to seek routine prevention during non-test years.

"New Jersey horse owners have access to good-quality care at reasonable fees, and yet there are still price shoppers," Dr Behre says. "A rabies outbreak started two years ago, and more than 400 rabies cases have been reported this year. With all the attendant publicity, owners still question whether their horses 'need' the $10 vaccination."

Fees, he adds, fluctuate with competitive pressures, but Dr. Behre refuses to compete with local vendors and catalog supply houses. "I try to make a living from what I can do with my hands and my knowledge, not from what I can peddle from my truck," he says.

Dr. Behre projects that he'll hire an associate within three years, and he remains optimistic about the future. "Equine practice remains a good choice—even for a new practice," he says. "I'm gaining the trust of my clients, who are realizing that the purchase price of a horse is just the tip of the iceberg; veterinary care is part of the package."

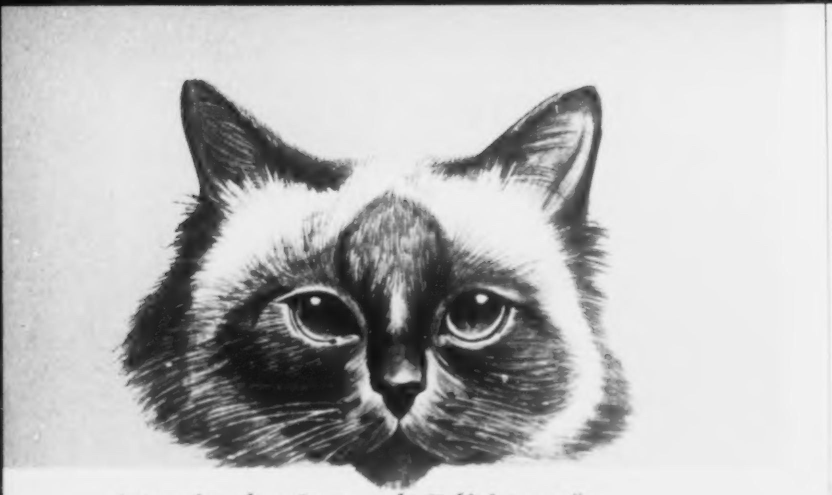
Reach out and teach someone

"The economy can't be much tougher in other parts of the country," says Dr. Jay Merriam, who practices 50 miles west of Boston, in Uxbridge, Mass. The state's "miracle turned massacre" affected real-estate values and increased unemployment; high property taxes also added to the financial woes. Equine doctors suffer the additional blow of urbanization, which has threatened the state's horse population, Dr. Merriam says.

Despite these obtacles, Dr. Merriam, his partner, and one associate averaged a 12- to 13-percent increase the past three years, and estimate 15-percent practice growth this year. How do they attract clients when every horse owner who travels to the 7-year-old practice must pass at least one other equine hospital on the way? "We let horse owners know we're here," Dr. Merriam explains. The doctors publish a quarterly newsletter, producing camera-ready copy on a word processor. The cost per newsletter: no more than $600.

The doctors also conduct a winter seminar series in a rented meeting room. The four lectures, which draw up to 75 horse owners each, feature such topics as lameness, reproduction, and colic treatment. "I'm constantly surprised at the number of new horse owners attending the lectures who don't know even the basics, such as how to feed a horse and how to construct a safe barn," Dr. Merriam says. "The series has become so popular that clients call us in the fall to note the seminar schedule on their calendars."

Despite their grueling work



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weeks, the doctors won't cut back their client-education efforts. "We've learned that lecturing to riding groups around the state initiates a chain reaction that results in referrals from colleagues and clients," Dr. Merriam says.

The doctors concentrate on their own education as well: Dr. Merriam, a 1969 Kansas State graduate, completed a residency at the University of Missouri before obtaining his master's degree in equine surgery in 1973. To expand his skills in equine medicine, he also took short, intense course work on reproduction. And now, after 22 years in practice, he says he's still learning, thanks to continuing education and the prodding of new associates. "You just can't lay down and say the economy is bad," he says. "Go look for other services to offer."

To keep up with the fluctuating horse industry, practice flexibility is critical as well. "The equine business has shifted dramatically with the economy," Dr. Merriam says. "Six years ago, up to 40 percent of our practice was in reproductive services, but that business disappeared with the local race track. So we moved the practice into previously neglected areas. For example, the sport-horse segment has more than filled in for the reproductive services. And the show and dressage horses were always there, but we weren't taking the time to service them."

Service opportunities increased even more when Dr. Merriam constructed a 2,000-square-foot clinic with a four-stall barn in 1987. The large surgery room is underused now, he says, but the exam room remains busy, primarily with lameness evaluations. The doctors still travel every day, and scheduling farm calls efficiently is an ongoing concern. But, Dr. Merriam reports, the new clinic allows them to see many clients in a short amount of time each morning.

"Changing the emphasis of the practice has meant sacrifices," Dr. Merriam admits. "Prognosis for the equine industry is good, and racing is expected to return to this area soon, but equine medicine will continue to change. We've been surprised and pleased at our practice growth, but we've had to go out and get the business.

"Equine practitioners must be willing to respond legitimately to an entire population of Americans who didn't grow up on farms, and who have no appreciation for rural values. We must prepare ourselves to respond articulately to animal-rights activists who oppose animal ownership, and who perceive show animals as abused. Our background also places us in the role of educating planning and zoning boards about the positive aspects of retaining green space for animals, even in urban areas."

Diversify and buckle down

Although his practice is located in the world's premier yearling market, Dr. Walter Zent, of Lexington, Ky., agrees that the successful horse practitioner must be willing to adapt. After 25 years of focusing on reproductive services, the 1963 Cornell graduate proved his mettle by taking a fresh look at equine practice.

"We're finding ways to market services for performance horses," Dr. Zent says. "When the broodmare market was flourishing, we didn't have time to develop a practice for show horses, hunters, and jumpers. Now reproductive services represent only 50 percent of the practice gross."

Diversity, however, doesn't solve all the economic woes. "We're still coming off an artificial high when yearlings and stallions were too costly. The horse business lost glamour when the business world lost the benefits of limited partnerships. In 1989, the Jockey Club registered 50,000 foals; they predict that only 36,000 foals will be registered in 1992. Even foreign sales are down."

When the yearling sale closed in Lexington last September, the outcome was familiar: The average sale price rang in at $29,589, compared to $29,694 in 1990. Sales fell slightly, from 2,913 in 1990 to 2,623 this year.

For Hagyard, Davidson & McGee, a 116-year-old practice with 11 owners and six associates, income has decreased for three straight years, Dr. Zent says. Total practice gross fell 10 percent in 1990; the ambulatory portion of the practice dropped 18 percent in two years. By adopting stringent business practices, however, Dr. Zent says they've halted the decline. Surgery income is stable and, although medical services are down 15 percent, the volume of drug sales is up 100 percent.

"We've tried to cut the fat from the practice these past few years," Dr. Zent continues. "The doctors have been forced to become more efficient. With the loss of veterinarians, the lay staff has had to become more flexible in order to perform more jobs."

Other strategic maneuvers: more stringent collection policies and more aggressive merchandising. Total accounts receivable is down $200,000 from a year ago,

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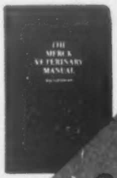


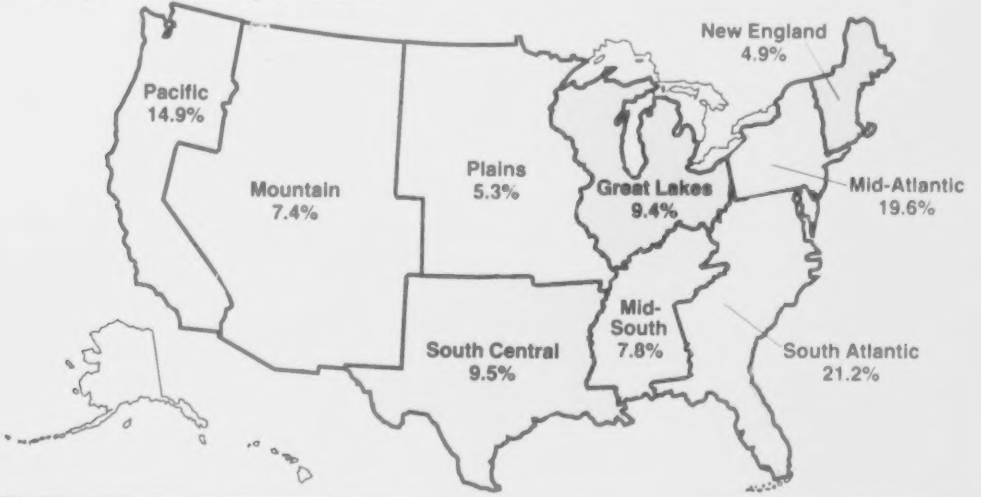
JUST
PUBLISHED

EQUINE DOCTORS: THE VITAL STATISTICS

VETERINARY ECONOMICS' latest financial survey provides this 1990 snapshot of equine doctors:

Percent who are male	77.0	Percent partners in multidoctor practice	19.0
Percent who are female	23.0	Percent employed doctors	19.5
Average number of years in practice	13.5	Average client transaction fee	$71.30[2]
Average number of client visits per week	70.3[1]	Average charge for an office call	$25.40[3]
Average number of hours worked per week	59.9	Average individual gross income	$158,900
Average number of equine doctors per practice	2.7	Average individual net income	$58,900
Percent solo practitioners	61.5	Average practice gross income	$384,600

The equine doctors who responded to VETERINARY ECONOMICS' 1991 financial survey practice in every region of the country, as follows:


New England
4.9%
Pacific
14.9%
Mountain
7.4%
Plains
5.3%
Great Lakes
9.4%
Mid-Atlantic
19.6%
Mid-South
7.8%
South Central
9.5%
South Atlantic
21.2%

[1] Includes both farm calls and in-clinic visits.

[2] Includes clinical procedures, drugs, and merchandised products.

[3] Includes exam.

Dr. Zent reports, and merchandising income is up. "We're trying to manage drugs in a competitive mode, which is good from both an economic and a medical standpoint," he says. "We now have better control of patients' preventive health care, which makes our lives easier."

Develop a business sense

Beginning in 1979, Dr. Eric Osterholm and his two partners worked in a steady practice environment in the Oakdale area of central California, concentrating on reproductive services. Then the market began to crumble, and a popular associate departed—with numerous clients. Income fell by 15 percent in 1987.

Practice gross remained steady in 1988, but the debt load skyrocketed. "That forced us all to become more involved in the practice as a business," says Dr. Osterholm, a 1978 University of California-Davis graduate.

"By adding embryo-transfer services and staying at the diagnostic forefront of equine medicine, we've always seen growth, even during the lean years," he says. "But the founder of our practice always insisted that the doctors stay current with lameness diagnoses. So when brood-mare work went from 50 percent of the practice to 30 percent, orthopedics served as a backbone to sustain the practice," he says.

Still faced with a substantial loss of income, the California doctors hired a management consultant in 1989. "After an intensive and expensive initial evaluation process, the consultant was able to offer concrete ideas for financial growth that we just didn't see," Dr. Osterholm says.

> "Our consultant offered ideas that we just didn't see."

"Suddenly we were no longer operating on whim or gut instinct," he continues, "we were making necessary management decisions. The consultant took us from a reactive mode of meeting expenses each month to making budgets meet our practice plan."

Among the improvements: The doctors no longer send bills to absentee owners and wait for the money to arrive. "Our collections staff member was spending an inordinate amount of time chasing down receivables," Dr. Osterholm explains. "Now she calls the owners and discusses options for payment immediately."

The doctors don't always agree with their consultant, but say the $10,000 annual maintenance cost of consulting and accounting services remains a good investment. "The manager reinforces our need to monitor what it costs to provide good veterinary care," Dr. Osterholm says. "We're now more inclined to adjust fees and drug prices commensurate with what we're worth, rather than feeling forced to set fees by the competition."

Dr. Osterholm and his partners also made the decision to expand their service area. Working with four associates, the three partners operate satellite facilities in Clements, which is south of Sacramento, and in Pleasanton, 40 miles east of the Bay area. The doctors report that a decade of investing in equipment and new services is now paying off.

To better serve clients, the practice leases space in small, private training centers. The satellites, which are equipped with automatic processors to develop radiographs, feature drug-storage areas and room to perform standing surgical procedures. Access to indoor arenas allows the doctors to conduct lameness evaluations as well. Diagnostic ultrasound and major surgeries are performed at the central hospital, which is increasingly attracting referrals.

The doctors are rebuilding their radiology, taking bids for a new radiography unit, and planning nuclear-medicine studies. Recent equipment purchases have upgraded ultrasound abilities, and Dr. Osterholm predicts that the investments will pay for themselves within three years.

An additional boost to client services, and an additional expense: Hiring a board-certified surgeon who required sizeable instrument expenditures. To announce the arrival of the new associate, the doctors mailed brochures to clients and colleagues. Among the doctors' top challenges for 1992: Expanding the surgical facets of the practice.

"Adopting a business attitude didn't take the fun out of equine practice, but it did take the fear out of looking to the future," Dr. Osterholm says. Lexington veterinarian Dr. Zent is optimistic as well: "After the equine market bottoms out, the industry will improve," he predicts. "The purse structure at the tracks is very strong, and the yearling supply is tighter, so prices should climb. With lower breeding fees, owners will see more profit. We'll never reach a bounty of million-dollar yearlings again, but the market doesn't need to go to that extent to be healthy."

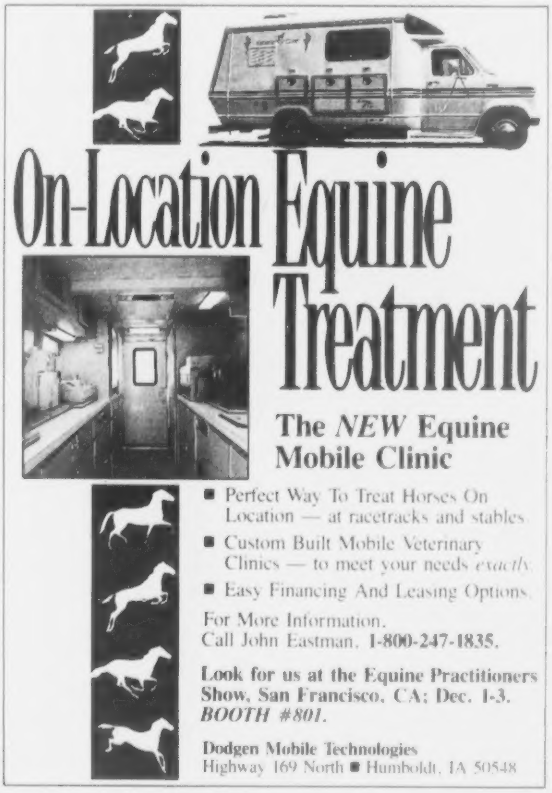
As for clients, Dr. Osterholm prefers quality over quantity. "We now deal with legitimate owners who are knowledgeable and more interested in promoting particular lineages than in tax dodges," he says. "We've been able to restructure, because we have clients who demand sophisticated procedures and who are more pleasant to work with. When the industry came to a stop, we remained positive and decided to ride out the business cycle."

"Attitude plays a key role in your level of success," agrees Dr. Merriam of Massachusetts. "If you're not having fun in practice, you might as well be selling insurance. Equine medicine today requires telling people what services you offer."

Dr. Merriam, for example, purchased a $30,000 portable ultrasound machine in June, and predicts that it will pay for itself within 18 months. "Clients can't see the benefits of upgraded laboratory and radiograph equipment," he says, "but they can sure see the difference between an ultrasound procedure and the veterinarian running his fingers up and down the horse's leg to detect problems."

"Every horse presented for a lameness evaluation is examined by three doctors at our practice," Dr. Merriam continues. "Clients realize that they're getting a bargain—three professional opinions for the price of one. Although this method may not be cost-efficient, we find that, at the end of the year, the bottom line proves it works."

Dr. Merriam's final words of advice: "Remember, in a multidoctor practice, you don't have to work every weekend; and you should take your vacation in two-week increments. Practice can be serious business, but there's plenty of room for appropriate levity; it's important to maintain your sense of humor." ■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The happiness and headaches of house calls

Time is running out to save on your taxes

DECEMBER 1991

veterinary economics

AGAZINE OF PRACTICE MANAGEMENT AND FINANCE

Don't touch those bottles!

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MEMO FROM THE EDITOR

Don't get lost in the fog

Bob Levoy doesn't pull any punches. Neither does Dr. Tom Catanzaro or Dr. Marty Becker. Each of these contributors presents a clear message in this issue: Take the time now to clarify what you're doing in your practice, and where you're going. Before you allow fog and confusion to settle in for another year, at least recognize that although success may not be simple, the components that contribute to success can be—if you take the time to plan.

In journalism, we follow something called the "fog index." If we present a sentence that doesn't quickly and easily make sense to the reader, our fog index is high—and we haven't done our jobs. It makes no difference if the subject is very basic or endlessly complicated; to make this magazine work, we make every attempt to plow through the fog first so that you don't have to while you're reading.

Your practice's fog index is another matter. If feel that your marketing efforts are sporadic and seem to take you nowhere, or your client traffic isn't what you'd like it to be and you don't know why, you need to find a path out of the fog. If your practice is in danger of a sexual harassment lawsuit, or your employees are confused about *any* of your office policies, you need to cut your risk—now. This month's articles can be the beacons that lead the way.

Levoy, for example, says that it's time to stop for a minute and *really* consider the steps you're taking to build your practice. Dr. Catanzaro proposes a plan, a road map to guide you where you want to take your practice—after, of course, you decide where that is. Dr. Becker says that merely wondering about your problems won't solve them; you have to take action. And attorney Susan Gorn, and business writers Phillip Perry and Richard Ensman, say you need practice policies that everyone follows consistently. Pretty simple, right? But at least it's a start. The hardest part may be the decision to come in out of the fog.

Here's to a clear, bright new year. See you in 1992.

Becky Turner

Rebecca R. Turner

veterinary economics

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Medical Economics Publishing Co.

criteria for approval by the National Charities Information Bureau.

3. Morris Animal Foundation, 45 Inverness Dr., E., Englewood, CO 80112. Founded in 1948 by Mark Morris, DVM, this organization distributes funds for research on animal diseases.

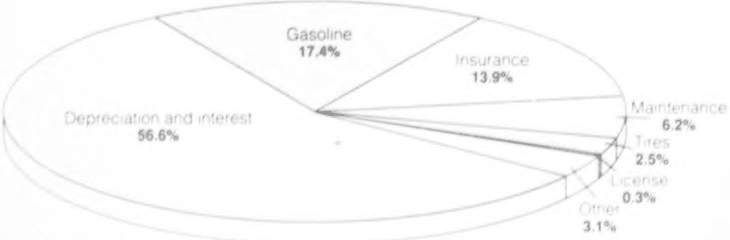
As you plan your donations, keep in mind that approved charities also are worthwhile beneficiaries to remember when drawing up a will or setting up a trust. Most charitable organizations offer ideas for "planned giving"—such as a charitable annuity that provides the donor with an initial tax write-off and income payments for the rest of his or her life.

Giving and sharing are indeed a virtue, but must be done wisely. What a wonderful feeling to know that we've helped!

Nancy Lerner, DVM

WHERE DOES YOUR DOLLAR GO WHEN YOU BUY A NEW CAR?

High repair costs on an older car tend to make a new-car purchase look attractive. But don't forget that more than half of the cost of a new car is consumed by depreciation and interest–either paid or foregone. Those expenses drop sharply as a car ages. Here's a breakdown of the expenses of operating a new car for its first four years.



Source: Runzheimer International

STICKER PRICES DON'T TELL THE WHOLE STORY

Thinking of buying a new car? Before you drive off the lot in a 1992 model, look beyond the sticker price, and determine how much it will cost you *each year* to own and operate your dream car.

Assuming a 3-year, 60,000-mile retention cycle, the 1992 Mercedes 300SEL, for example, will cost nearly $18,093 to own and operate per year, while the 1992 Ford Escort LX will cost only $6,790 a year. These figures are from Runzheimer International, Wisconsin-based management consultants.

Why the big difference? Kraig Rodenbeck, director of client service in Runzheimer's transportation division, explains: "Vehicles with high sticker prices lose more in sheer dollar value every year through depreciation than do lower-priced makes and models. This is especially true over the first three years."

The insurance, maintenance, and fuel costs of higher-priced models also cause annual costs to soar. Rodenbeck adds, however, that "higher-priced models tend to retain a proportionally higher resale value, when compared to purchase price, than lower-priced models."

To lower your annual costs, Rodenbeck suggests that you keep your car longer than three years, or drive fewer than 20,000 miles per year.

Which new-car models cost the least and the most to repair? According to *The Complete Car Cost Guide* (IntelliChoice, San Jose, Calif.), the cars with the lowest repair costs include the Chrysler Imperial, Geo Storm series, Mazda RX-7 Coupe, and Geo Prizm series.

Among the cars with the highest repair costs: the Jaguar XJ-S series, Jaguar XJ6 series, Porsche 944 S2 Cabriolet, and Mitsubishi Galant series. ■

Correction

In the October 1990 issue (page 32), and the October 1991 issue (page 28), the charts contain incorrect figures for the average client transaction fee in the "all DVM" category. The correct figures are as follows:

	Clinical procedures and drugs			Merchandised products		
	1990	1991	Percent change	1990	1991	Percent change
All DVMs	$37.50	$43.00	+14.7%	$17.40	$15.70	-9.8%

Why do women DVMs make less money?

How to beat the lingering recession

What's new on the computer horizon?

JANUARY 1992

veterinary economics

ATTRACTING AND KEEPING TOP TALENT AND PROFITS

A SALARY REPORT BY
OWEN McCAFFERTY, CPA

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MEMO FROM THE EDITOR

Challenge 92: Stop the revolving door

Can you pay good staffers what it takes to keep them on the job—and still profit from your practice? Doing so may pose the most difficult challenge you'll face this year. The pool of available workers is dwindling, so if the employee entrance to your practice is a revolving door, you may find yourself out of luck.

What amount of money keeps good staffers? That's a good question; unfortunately there's no magical formula to answer it. And what about benefits? Again, no magic. Now, however, thanks to Owen McCafferty, there is a growing body of data designed to help you *think about* and *anticipate* what it will take to keep good employees in a tight market. (No, money and benefits aren't the only—or even the top—concerns employees have about their jobs. But in a competitive market, you'll be pressured to please people on all fronts in order to keep them.)

McCafferty began his trek into the salary jungle with a survey printed in the February 1990 issue of VETERINARY ECONOMICS. He and his team then analyzed every single response to the quite complicated form, and slowly began to paint a picture of what is being paid, and to whom. McCafferty's efforts are truly a labor of love for the veterinary profession; his firm invested considerable time and energy into laying the groundwork that will make it possible for us to provide the information you'll need to weather the coming employee storms.

When we received McCafferty's 60-page report last summer, we decided to divide it into four parts, and to publish it immediately following our fall reports on earnings, fees, and expenses. McCafferty's survey will become an annual event as well, complementing our research efforts into the finances that affect you and your practice the most.

As you study this month's cover story, bear in mind a point McCafferty makes early on: The commentary and discussion are just as important as the numbers themselves. Because there *is* no magic formula for determining salaries, you'll serve your practice and your employees best by using the data to *inform* your decisions, not to make them.

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Medical Economics Publishing Co.

COMMENTARY

WHY DO WOMEN DVMs MAKE LESS MONEY?

Survey statistics show that not only do female veterinarians take home less pay than their male colleagues, their incomes don't keep up with cost-of-living increases. One angry practitioner demands answers; one practice management consultant responds. The issue needs your input as well.

Dear VETERINARY ECONOMICS:

A better cover line for your September issue would have been, "*Male* Veterinarians' Earnings Are Up!" With only a 1.9-percent increase in women veterinarian's salaries, and a cost-of-living increase of about 5 percent, women veterinarians' incomes have actually *decreased*.

Your annual article on earnings glossed over the glaring inconsistencies between the incomes of male and female veterinarians. Readers are likely to read the chart comparing the two and to think, "Women probably work part-time more often, thus their earnings appear less"; or, "Women have only recently filled the ranks of the profession, so they are younger on the average—and thus earn less"; or any one of hundreds of other assumptions and myths that continue to persist, in large part because no one has taken the time and effort to investigate the problem.

How much effort would it have taken to include a third column in every chart in your article, showing the income for male and female veterinarians of each practice type? And you could've asked each respondent, "How many hours per week do you work?" These two items would go a long way toward furthering our understanding of this problem—a problem that cannot be ignored.

Because women now make up more than half of all graduating veterinarians, and because women veterinarians earn less, the obvious result is that the income of the profession as a whole is going to drop. Doesn't it behoove us to find out the reasons behind this marked difference in wages?

When will even one researcher do a true comparison of men and women in our profession? Are we afraid that if we ask pointed questions we'll have to face the horrible possibility that our profession is indeed discriminating against women? If we compare wages between men and women of the same graduating class who work the same hours per week, and find that the women are earning less, then we might have to do something about the problem.

Is it easier to bury our heads in the sand? Do any women veterinarians care? Or could it be that we are too busy working and thinking that if we do our jobs well, we will someday be rewarded? Are we so insecure about keeping those jobs we now have that we will continue to be silent?

Carin Smith, DVM
Leavenworth, Wash.

Editor's note: A little background on our financial survey: We cross-reference all of the information we receive from practitioners by sex, years in practice, number of active clients, hours worked, gross income, net income, business status, number of DVMs in the practice, practice type, and region. Unfortunately, it isn't possible to cross-reference within these categories; we can't, for example, tell you what women veterinarians who work 60 hours per week make.

Therefore it's not a matter of "effort," as Dr. Smith suggests, but of survey structure. We can, however, provide most of the earnings and demographic information by gender, and you'll find that information on pages 31 and 32. We're also looking into the possibility of conducting a survey, based on year of graduation, that would provide a more in-depth look at how the income of women and men of the same experience, who work the same number of hours, compares.

At Dr. Smith's suggestion, we also forwarded her letter to practice management consultant Don Dooley and asked him to respond.

His response appears below. Your interpretations of the situation and of the available statistics are welcome as well.

It's human nature to find someone else to blame when things don't go as we hoped. This tendency has been elevated to new heights of accomplishment today. Anyone who wants one can now have some "ism" to blame for a failed expectation. With so many "isms" available, we no longer have to take any responsibility for our own success.

The most recent income figures published by VETERINARY ECONOMICS (September 1991) could be taken to represent an "ism"; namely, sexism. The income reported for women veterinarians was only 60 percent of their male counterparts' income—an obvious and blatant case of sexism and discrimination. Or is it?

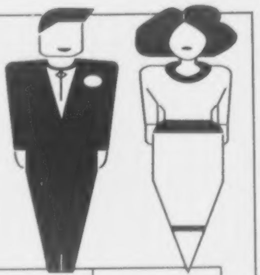
As a practice management consultant and the executive secretary of two veterinary medical associations, I talk to dozens of veterinarians every year who are trying to hire associates. During the past 20 years, I believe I've heard just about every imaginable hiring prejudice there is, but I have never heard a veterinarian mention the possibility of a salary differential based on gender.

Of course, practice owners are people, and as such, do have their prejudices. But I've found that their prejudices have more to do with the veterinarian they're replacing than with any other factor. They either want a veterinarian exactly like the one leaving, or exactly the opposite.

Their prejudices are more apt to be about size, age, school, marital

THE GENDER QUESTION

Of the doctors who responded to our 1991 financial survey, 76.5 percent were men; 23.5 percent were women. In the chart below, you'll find the average response to 11 of the questions we asked, compared here by gender.



Number of years in practice*	16.2	7.9
Number of client visits per week (per DVM, at hospital)	62.9	68.6
Number of client visits per week (per DVM, at clients' farms, homes)	12.0	5.4
Total client visits per week, per DVM	75.8	73.5
Hours devoted to practice per week	52.8	50.1
Business status:		
Solo practitioner	51.6%	30.9%
Partner	28.1%	12.9%
Employee	19.9%	55.5%
Other	0.4%	0.7%
Average client transaction fee for clinical procedures and drugs	$57.20	$63.20
Average client transaction fee for merchandised products	$19.30	$22.90
Total average client transaction fee	$69.90	$76.60
Individual gross income produced for the practice	$172,800	$142,200
Individual net income	$62,700	$37,400

All figures are means (averages).
*For percentage breakdowns, see page 32.

Source: VETERINARY ECONOMICS' 1991 financial survey.

status, or religion than they are about gender. However, because it's so difficult to find an associate these days, none of these prejudices mean much. Still, there are much better reasons for the salary differences among veterinarians than the simplistic charges of sexism and discrimination:

Take seniority, for example. The peak earning years for a practicing veterinarian are between 45 and 60. Of the practitioners in that age range, the vast majority are males. Yes, drastic changes have occurred in the ratio of male to female veterinarians, but we're still years away from those changes making a difference in the average incomes of each gender.

When we hear that there are now many more women veterinarians, we need to remember that this phenomenon has happened fairly recently. Many of these women are either still in school or have graduated in the last five years.

The fact is, many female veterinarians are still in their lowest earning years —which creates an income differential that has nothing to do with anything except when you were born. In fact, I'd bet many veterinarians would gladly give up their higher incomes to be 20 years younger.

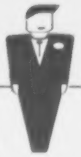
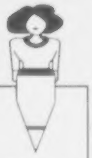
Income differences also can be traced to practice ownership. I contend that there *should* be a sizable difference between the incomes of practice owners and employees—no matter what the gender of either party — because of the investment and management responsibilities required of an owner. Choosing to be an owner or an employee is an individual decision, and has nothing to do with sexism or discrimination.

I believe that current age variations in the profession explain why the majority of practice owners are male. I predict that by the end of the next decade, most veterinary practices will be owned by women veterinarians; it follows, then, that women doctors will have higher average incomes than men.

THE NUMBERS ARE SHIFTING

How long have women been in practice compared to men? The chart below reflects the recent influx of women into the profession, and the majority status men still hold in number of years in practice.

For example, of women veterinarians, 20.2 percent have been in practice fewer than two years, while only 4.1 percent have been in practice for more than 21 years. The numbers flip-flop for men: More than 30 percent of those currently practicing have been doing so for more than 21 years; only 5 percent have been in the profession less than two years.

Number of years in practice		
Less than 2	5.0%	20.2%
3-5	12.0%	20.9%
6-10	18.9%	33.7%
11-20	32.5%	21.1%
21 or more	31.5%	4.1%
Average # of years in practice	16.2	7.9

Source: VETERINARY ECONOMICS' 1991 financial survey.

Choosing to succeed

No one can deny that women have been discriminated against in veterinary medicine—especially the first women who entered the profession. But many of these women also proved that being a victim of discrimination is a choice—and they chose not to be victims. They rose above the sexism, and made a place for themselves and the women who were to follow.

How do you become a victim of an "ism"? By putting your life in the hands of those who supposedly control the "ism" and, in turn, control your fate. Doing so allows you to spend your time being both helpless and self-righteously indignant rather than doing something about the perceived wrong that's been done to you. By becoming the victim of an "ism," you assume that the world around you must change in order to better your lot in life. But because this probably isn't going to happen, you just give up and suffer.

Belief in an "ism" can become a self-fulfilling prophecy. When a person chooses to become the victim of an "ism," the choice has a negative effect on the person's self-esteem—which is, by the way, *the greatest single influence on personal income.* The best way to raise your self-esteem, and thereby your income, is to take responsibility for your own life. By refusing to become the victim of an "ism"—either real or imagined—it's possible to put the energy that's wasted on self-pity and indignation to better use.

If you *are* discriminated against—whether you're male or female, tall or short, fat or thin—because of someone else's prejudice, leave and go someplace where you're appreciated. If the discrimination happens to you several times in a row, take a serious look at yourself instead of thinking you're the victim of some profession-wide conspiracy. Veterinarians are too difficult to organize for such a conspiracy to hold any credibility.

Whether a woman or a man, a practitioner's income ultimately depends on the amount of income and profit he or she produces for the practice. It doesn't matter how the salary is determined or what it's based on, the money to pay the salary comes from the money that clients bring into the practice.

Veterinarians who concentrate on quality medicine, client rapport, staff relations, and charging for everything that is done will always have a good income. If you spend your time being victimized and fighting discrimination, real or imagined, instead of being the best practitioner possible, you'll pay a high price. ■

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CHALLENGE 1992

ATTRACTING AND KEEPING TOP TALENT *AND* PROFITS

What will it take to hang on to your staff *and* your profits in the face of rising costs and dwindling pools of employees? To help you meet the challenge head-on, Owen McCafferty presents part 1 of his salary survey report.

By Owen E. McCafferty, CPA CONTRIBUTING FINANCIAL EDITOR

It's no secret that the two greatest costs of providing veterinary care are staffing and drugs. Drug costs, however, are relatively constant, while staff costs are increasingly volatile.

As you know, staffing your practice costs much more than the combined salaries of your employee team. With the ever-changing array of fringe benefits, payroll taxes, deferred-compensation arrangements, minimum-wage increases, and the like, staff costs quickly escalate; that's why controlling them will be one of the greatest challenges you'll face this decade.

You could, of course, simply pay fewer people less money, but you take enormous risk in doing so. Most successful veterinary practices are extremely dependent upon their employees. In today's competitive environment, attracting and keeping top talent is no longer a luxury but a *necessity*. Your challenge, then, is to obtain the highest level of competence at the most affordable price.

The problem is that top talent won't work for anything less than top wage—and as employee populations shrink, top talent will be harder to find than ever before. I predict that this situation will force the profession to begin hiring at salary levels much higher than those currently paid.

Charting a course

In the face of these challenges, I believe it's important to monitor hiring trends annually, and to compare them for pattern indicators. To do so, I plan to chronicle—through your responses to surveys that will appear in VETERINARY ECONOMICS—the changes occurring in veterinary staffing.

This project began with a salary survey in the February 1990 issue. The survey covered all veterinary staff positions, and included questions on salary, hours, vacations, sick days, and such benefits as pension and profit-sharing plans, health insurance, child care, and continuing education. For consistency, I referenced the survey to AAHA's Chart of Accounts. (For more information on how the survey was conducted, see the box on page 47.)

In this article, you'll find pay and benefit tables for technicians, receptionists, bookkeepers, office managers, and practice administrators—plus my commentary on each. Next month, I'll present similar information on kennel staff and groomers. In March, I'll cover practice owners, and in April, non-owner veterinarians. The April issue also will include the next survey for your response.

As you read this series of reports, keep in mind that the purpose of the survey is to take a look at what's happening in veterinary practices today, and to identify trends that may affect practices in the future. The information is designed to help you make intelligent management decisions; it is *not* for mindless comparison.

The project demanded many months of compilation and interpretation, not just a cursory review. So the figures *do not* account for 1990 and 1991 inflation. The good news is that, now that the program is in place, the next set of figures will be available closer to the survey date.

Some of you will fall outside the

THE AUTHOR heads a Cleveland, Ohio, accounting firm devoted to tax and practice management assistance for veterinarians.

TECHNICIANS

AVERAGE ANNUAL HOUR AND PAY STATISTICS

	Average	Minimum	Maximum
Pay per hour	$7.07	$4.00	$15.83
Pay as % of practice gross	6.98%	1.55%	20.0%
Pay per year	$16,033.06	$4,564.00	$32,089.00
Number of hours worked	1,963.67	105.0	3,120.0
Number of techs/practice	1.68	0.25	9.0
Number of vacation hours	74.49	20.0	300.0
Number of holiday hours	46.59	10.0	96.0
Number of sick hours	43.25	12.0	100.0

AVERAGE ANNUAL BENEFITS STATISTICS

	Average	Minimum	Maximum
Contribution for pension/ profit sharing plan	$1,707.23	$200.00	$6,526.00
Contribution for health insurance benefit	$1,291.60	$42.00	$6,526.00
Contribution for unreimbursed medical expenses	$463.64	$100.00	$1,000.00
Contribution for child-care benefit	*	*	*
Contributions for other benefits	$343.12	$30.00	$3,120.00
Contribution for continuing education	$278.07	$40.00	$2,500.00
Number of days offered for continuing education	2.7	1.0	7.0

*None provided

minimum and maximum range, and some of you will disagree with my interpretations of the data. Remember, though, that every practice is unique; cookie-cutter formulas simply don't work. Guidelines, however, can be helpful, so now let's take a look at the survey results:

Technicians

Gathering historical information about technicians is one of the primary goals of this survey. I believe that technicians will play an extremely important role in practice health this decade, and I anticipate higher pay for them.

Although technician pay is not likely to exceed that earned by experienced veterinarians, some techs already make more than low-paid doctors. For example, the survey shows maximum pay for technicians to be $15.83 per hour, which is greater than the minimum hourly rate paid to doctors practicing one to six years out of school. (Statistics for this group will appear in the April issue.)

On the other extreme, it surprised me to find some technicians being paid as little as $4 per hour. In my interpretation, I can only assume that the respondent may have been confusing technicians with lay assistants.

On average, technician's pay comes to $7.07 per hour, which is well within the amount I would expect. The survey also reveals that technician's pay accounts, on average, for 6.98 percent of gross income—the first reliable information I've seen in this category.

On an annual basis, technicians take home between $4,500 and $32,000 per year, or an average of $16,033. (The lower figures for technicians' pay represent work hours less than full-time.)

According to the survey, technicians work a normal year of approximately 1,964 hours; however, the responses range from 105 to 3,120 hours. I assume that some of the technicians at the high end are either long-term employees or are related to the owners—husbands, wives, daughters, sons, and so on.

Annual fringe benefits for technicians mirror the norm, with about 74 hours for vacation time, 47 hours for holidays, and 43 hours for sick time. It's interesting to note that the average number of sick hours offered to technicians is lower than that offered for all categories of doctors.

Surprisingly, other fringe benefits for technicians also fall below those for doctors. The average amount contributed to profit-sharing plans comes to $1,707, with medical insurance at $1,291. Unreimbursed medical expense seems low at about $464, with no child-care benefits offered. Continuing education costs average $278, with 2.7 days per year allotted for this purpose. I assume that the CE benefit is absorbed entirely by the owner, because most technicians aren't paid on a percentage-of-gross basis.

> Technicans will play an extremely important role in practice health this decade. I anticipate higher pay for them.

Receptionists

On average, receptionists make less money than technicians. Their average hourly wage is $6.48 per hour, with the average annual salary ringing in at $14,588. At the upper end, however, both groups of workers make about the same: $32,000 a year.

Receptionists and technicians work about the same number of hours, with technicians tipping the scales slightly. I found it interesting that the average number of receptionists and technicians per practice is nearly the same: 1.69 and 1.68, respectively.

Receptionists and technicians also prove to be similar in vacation, holiday, and sick leave. Benefits, however, are lower for receptionists; for example, their profit-sharing plan contributions average $1,424, compared to $1,707 for technicians.

In future surveys, we'll look at many of these statistics by gender. Because most receptionists and technicians are women, it's interesting to note that the average number of sick days for these positions is far less than you find among owner-doctors, the majority of whom are male.

Owner-doctors receive, on average, about 57 hours of sick leave per year, compared to about 43 hours for both receptionists and technicians, which indicates that practices vary sick-leave levels based upon job function.

Bookkeepers

Bookkeepers earn an average of $7.78 per hour, comparable pay to that of technicians. Interestingly, the minimum and maximum amounts are nearly the same for both groups, with the maximum technician figure slightly higher.

On average, 2.97 percent of gross is devoted to a bookkeeper's time, with an average pay per year of $9,979. Most practices employ one bookkeeper, who works, on average, 1,066 hours per year. Given their part-time status, bookkeepers receive 64 hours of vacation per year, plus the full benefit of holiday time. Sick time is slightly higher than that of technicians, at 45.67 hours.

Keep in mind that larger practices may employ as many as two bookkeepers, and offer more for the specialized service bookkeepers bring to a practice. Therefore, the numbers here, particularly in regard to benefits, may be slightly skewed by the responses from the larger practices.

Fringe benefits for bookkeepers

RECEPTIONISTS

AVERAGE ANNUAL HOUR AND PAY STATISTICS

	Average	Minimum	Maximum
Pay per hour	$6.48	$4.00	$14.00
Pay as % of practice gross	6.65%	1.0%	15.0%
Pay per year	$14,588.03	$5,109.00	$32,000.00
Number of hours worked	1,914.05	156.0	3,120.0
Number of receptionists/practice	1.69	0.5	5.0
Number of vacation hours	74.31	24.0	216.0
Number of holiday hours	46.88	10.0	96.0
Number of sick hours	43.03	16.0	100.0

AVERAGE ANNUAL BENEFITS STATISTICS

	Average	Minimum	Maximum
Contribution for pension/ profit sharing plan	$1,423.57	$215.00	$4,600.00
Contribution for health insurance benefit	$1,230.67	$66.00	$5,703.00
Contribution for unreimbursed medical expenses	$395.00	$100.00	$800.00
Contribution for child-care benefit	*	*	*
Contribution for other benefits	$431.26	$30.00	$4,840.00
Contribution for continuing education	$207.59	$10.00	$1,000.00
Number of days offered for continuing education	2.32	0.5	6.0

*None provided

are comparable to those of technicians, with pension and profit-sharing plan contributions for full-time people at $1,602, *vs.* $1,707 for technicians. Health insurance proves comparable as well, at $1,193 for bookkeepers and $1,292 for technicians.

Unreimbursed medical expense rings in considerably lower, with only $100 on average going to bookkeepers. Although bookkeepers are allowed the same amount of time for continuing education as receptionists, their dollar allotment for CE is lower than that for technicians, probably because most owner-doctors believe bookkeepers require less CE. This belief, however, isn't in sync with a bookkeeper's need to keep up with changes in the tax law, to monitor the internal controls within a practice, and to work on such changing facets of practice as computerization.

Office managers

The office manager position is one of the fastest-growing job classifications in the veterinary profession. On average, office managers are paid $8.11 per hour, well above the pay of receptionists, technicians, and bookkeepers.

The minimum reported pay for office managers is $4.55 per hour, which, we suspect, is paid when the office manager and receptionist positions are combined. The percent of gross income spent on office managers ranged from 2.1 to 8 percent, which also points to a blending of functions.

My theory is that, as an office

BOOKKEEPERS

AVERAGE ANNUAL HOUR AND PAY STATISTICS

	Average	Minimum	Maximum
Pay per hour	$7.78	$4.00	$15.00
Pay as % of practice gross	2.97%	0.04%	10.4%
Pay per year	$9,979.00	$520.00	$36,300.00
Number of hours worked	1,066.0	12.0	2,600.0
Number of bookkeepers/practice	1.03	0.25	2.0
Number of vacation hours	64.0	25.0	120.0
Number of holiday hours	49.0	24.0	67.5
Number of sick hours	45.67	24.0	80.0

AVERAGE ANNUAL BENEFITS STATISTICS

	Average	Minimum	Maximum
Contribution for pension/ profit sharing plan	$1,601.75	$400.00	$3,125.00
Contribution for health insurance benefit	$1,193.25	$834.00	$2,000.00
Contribution for unreimbursed medical expenses	$100.00	$100.00	$100.00
Contribution for child-care benefit	*	*	*
Contributions for other benefits	$454.17	$50.00	$1,200.00
Contribution for continuing education	$163.00	$60.00	$500.00
Number of days offered for continuing education	2.33	1.0	3.0

*None provided

manager's functions become more delineated in higher-grossing practices, the reliability of the upper level of reported percentages will improve. At this time, we're seeing a percentage-of-gross pay contribution that may not truly represent the cost.

Annually, office managers average $17,556 and work 1,784 hours. These hours are less than full-time, probably because many office managers share duties as technicians, receptionists, and so on. As the role evolves, however, it's likely that the position will demand at least 2,300 to 2,400 hours per year. These projections are borne out when you look at the minimum and maximum range—120 to 2,600 hours. The 2,600 figure isn't abnormal, but reflects a developed position.

The maximum amount paid to an office manager is $29,880; when divided by 2,600 hours, the pay comes to $11.49 per hour. As you can see, that's lower than the reported maximum rate of pay per hour, primarily because "office manager" is generally a salaried position that doesn't entitle the person to overtime. The effective hourly rate is far lower than most people anticipate because most administrative roles demand more than 40 hours per week.

Of those practices that employ an office manager, most have only one, although some larger practices report up to two full-time office managers. My guess is that at the high end, the office manager is probably functioning as a hospital administrator. ▶

OFFICE MANAGERS

AVERAGE ANNUAL HOUR AND PAY STATISTICS

	Average	Minimum	Maximum
Pay per hour	$8.11	$4.55	$13.00
Pay as % of practice gross	5.33%	2.10%	8.0%
Pay per year	$17,556.00	$7,346.00	$29,880.00
Number of hours worked	1,783.94	120.0	2,600.0
Number of managers/practice	0.98	0.25	2.0
Number of vacation hours	84.23	8.0	360.0
Number of holiday hours	43.69	120.0	72.0
Number of sick hours	42.35	20.0	100.0

AVERAGE ANNUAL BENEFITS STATISTICS

	Average	Minimum	Maximum
Contribution for pension/ profit sharing plan	$1,529.23	$300.00	$3,125.00
Contribution for health insurance benefit	$1,463.06	$100.00	$4,140.00
Contribution for unreimbursed medical expenses	$250.00	$100.00	$400.00
Contribution for child-care benefits	*	*	*
Contributions for other benefits	$324.15	$26.00	$800.00
Contribution for continuing education	$296.03	$20.00	$1,000.00
Number of days offered for continuing education	2.96	1.0	7.0

*None provided

Vacation and holiday statistics for office managers aren't surprising; the report indicates two weeks of vacation and the normal allotment for holidays. One interesting statistic: the maximum number of vacation hours reported is 360 hours, or 9 weeks, of vacation—leading me to believe that there must be a familial relationship between the office manager and the owner. In our experience, even the most generous practices don't offer more than four weeks for office managers.

Sick hours proved interesting as well. Office managers are offered the fewest number of annual sick hours—42.35—compared to technicians at 43.25, receptionists at 43.03, and bookkeepers at 45.67. Office managers also receive lower pension and profit-sharing contributions in practices that pay for the same benefit for technicians. The average, annual benefit for office managers is $1,529, compared to $1,707 for technicians. This statistic is especially interesting when you consider that the average pay per hour and annual pay per year for an office manager is generally higher than that of a technician.

The office manager findings appear to confirm another theory: The more mature the practice, the less likely it is to have a pension and profit-sharing plan. Why? Because there are more employees and smaller contributions to principals. Health insurance for office managers, however, is reported highest of all the support classifications. Practices offer unreimbursed medical expenses as well, but at a lower rate than that for technicians and receptionists.

One very ripe trend I see evolving is an increase in continuing education for office managers. On average, respondents spend $296 for approximately three days of CE. Although this figure isn't the highest amount spent for support staff, I believe this trend will and should continue.

Practice administrators

The responses indicate some confusion about the definition of this position. Therefore, although the average responses are somewhat reliable, they should be studied in relation to the comments below.

Average pay for hospital administrators rings in at $9.52 per hour, with the responses ranging from $4.75 to $25. I think that the minimum pay reported represents a misunderstanding of terminology. No practice administrator would work for $4.75 per hour.

I also believe that the $9.52 average pay per hour shows recognition by the marketplace that a practice administrator is worth more than an office manager. For the skills required of a practice administrator, however, I believe the $9.52 average is low, possibly because some of the respondents may be reporting the pay for office manager under this classification.

It's also important to note that people love titles. In some cases, practices bestow titles that aren't necessarily indicative of talent. "Practice administrator" sounds more responsible than "office manager," so some practices give this title without the requisite skill or compensation. In reviewing this segment of the survey, please understand that the term "practice administrator" applies to a very small segment of the supervisory veterinary practice-management population.

> The findings confirm another theory: The more mature the practice, the less likely it is to have a pension and profit-sharing plan.

The high end of the practice administrator's pay level—$25 per hour—provides an indication of how true practice administrators are being paid. This pay, at 40 hours a week for 52 weeks, translates to about $52,000 a year, which is a reasonable salary for an extremely busy, high-volume, multidoctor hospital. For most practices, though, this highly paid, highly talented employee isn't affordable.

The survey also shows that the average pay for administrators, as a percentage of gross, comes in at 3.1 percent, which is consistent with the numbers we see in practice. Our experience shows this percentage limit to be somewhat reliable; it isn't, however, in the upper limit of what we've seen practices pay. We've seen minimum pay for practice administrators range from 2.75 to 6 percent of gross income, with the average 3 to 4 percent.

As the practice-administrator classification becomes more delineated, and more practitioners understand the true meaning of the term, the information will become more reliable. Now, however, we at least have a pattern to study.

The reported average pay per year for practice administrators more closely reflects what we've seen in veterinary practices. For example, the average annual pay for a practice administrator is reported to be $25,614 (compared to $17,556 for an office manager), with a range of $19,717 to $36,300.

These numbers indicate that the maximum reported hourly pay for practice administrators probably isn't for full-time work. Many practices share administrators, thereby gaining a level of sophistication and expertise *without* the costs of a full-time employee. I believe we'll see more of this trend in the future.

How many hours do practice administrators work? Average annual hours fall below the norm, due in part to the number of part-time administrators. As you might expect, those practices with

PRACTICE ADMINISTRATORS

AVERAGE ANNUAL HOUR AND PAY STATISTICS

	Average	Minimum	Maximum
Pay per hour	$9.52	$4.75	$25.00
Pay as % of practice gross	3.1%	3.1%	3.1%
Pay per year	$25,614.00	$19,717.00	$36,300.00
Number of hours worked	1,897.0	480.0	3,120.0
Number of administrators/practice	1.09	0.25	3.0
Number of vacation hours	80.6	30.0	160.0
Number of holiday hours	50.63	12.0	80.0
Number of sick hours	36.3	20.0	75.0

AVERAGE ANNUAL BENEFITS STATISTICS

	Average	Minimum	Maximum
Contribution for pension/ profit sharing plan	$781.50	$360.00	$1,170.00
Contribution for health insurance benefit	$1,250.43	$360.00	$2,748.00
Contribution for reimbursed medical expenses	*	*	*
Contribution for child-care benefit	*	*	*
Contributions for other benefits	$1,028.75	$75.00	$3,425.00
Contribution for continuing education	$497.69	$60.00	$1,500.00
Number of days offered for continuing education	3.67	2.0	7.0

*None provided

the maximum number of hours—3,120—demand the most of their administrators. Although 3,120 seems exceptionally high, it isn't out of the realm of credibility.

In the future, we anticipate that the normal range of annual hours for a practice administrator will be between 2,300 and 2,600, with more practices hiring full-time administrators. Although one respondent indicated that he or she has three administrators, this too seems to be a misunderstanding of the terminology. Although the administrator may confer with other staff members in setting a course for the practice, there can be only one person at the helm.

Vacation hours for practice administrators fall between 30 to 160 hours per year, with an average of 81. Holidays are comparable with those given to other staff members, but sick days are materially less and are, in fact, lower for this support classification than for any other. Benefits for practice administrators are still lagging as well. Pension and profit-sharing contributions, as well as health-insurance benefits, are very low for this level of responsibility. Again, this situation may be due to current misunderstanding of what the position of "practice administrator" means.

It may, however, also mean that mature, sophisticated practices offer the least opportunities for pension and profit-sharing plans. Health insurance for practice administrators on average is lower than for office managers. Two possible explanations: Office managers receive less compensation but more benefits than administrators, or those practices needing the services of practice administrators generally provide fewer fringe benefits. I believe this tendency toward reducing benefits in more sophisticated practices will become a standard, rather than the exception.

In other benefit categories, practice administrators fare better than office managers. For example, practices reimburse an average of $498 and allow a mean 3.67 days for continuing education for administrators, while they spend only $296 and 2.96 days for managers. This differentiation is likely to grow as the two job classifications become more defined. (In future articles, we'll provide our view of what constitutes an office manager *vs.* a practice administrator. The Veterinary Hospital Managers Association also is working on a project to this end.)

In conclusion

Believe it or not, we now conclude part 1 of this epic salary survey. As I stated at the beginning, surveys by their very nature provide meaningful insight into trends and possible improvements. They are, however, only an indication. You simply can't reach an intelligent conclusion for your practice without an understanding of what a survey entails.

As a final comment, please also understand that your ability to pay your employees is contingent strictly on your ability to generate income. If you find these levels of salary payments unacceptable or below the standard that you would hope to pay your employees, consider raising your fees. The pool of dollars within your practice is limited, but if you receive a just fee for services rendered, you then can pay a just fee to your most valuable asset —your employees. ■

A REVIEW OF THE SURVEY PROJECT

This project began with a salary survey that appeared in the February 1990 issue of VETERINARY ECONOMICS. Responses arrived from around the country and Canada. For the Canadian responses, my staff converted the figures to U.S. dollars using an average exchange rate to equalize rate inconsistencies.

We photocopied each questionnaire and assigned a control number to assure that all responses would be utilized. Unfortunately, not all respondents provided legible or understandable information; we discarded illegible, incomplete, and inconclusive surveys. To tabulate the responses, we used a data-base management program called "Paradox," which I believe will best serve the needs of this survey in years to come.

We also went through the tedious process of analyzing responses for incorrect interpretation of questions. Our review turned up few misunderstandings; most of the responses appeared reasonable. We took this analytic step, however, to ensure the creation of a data base we could trust. In fact, a committee of three accountants reviewed each piece of data so that one person's viewpoint didn't skew the results. We used our 12 years of experience with veterinarians to judge response appropriateness.

Our judgmental control over the data base does, however, mean that we don't have the normal statistical validity of a survey pursued under a statistical sampling program. However, the cost of maintaining that level of control would far exceed the benefit of reliable information. We believe, within the tolerance of survey limitations, that the data here is extremely reliable.

After the first few survey years, we hope that you will be able to plan your practice data so that completing the survey will be rather simple. You may, in fact, want to start gathering some of the information now in anticipation of the next survey, which will appear in the April issue. In partnership with this VETERINARY ECONOMICS salary survey, you'll build an excellent comparative data base for reviewing how staff salaries affect your practice.

—Owen McCafferty, CPA

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In search of the perfect exam room

Paying your groomers and kennel workers

Who can you trust at tax time?

FEBRUARY 199[illegible]

veterinary economics

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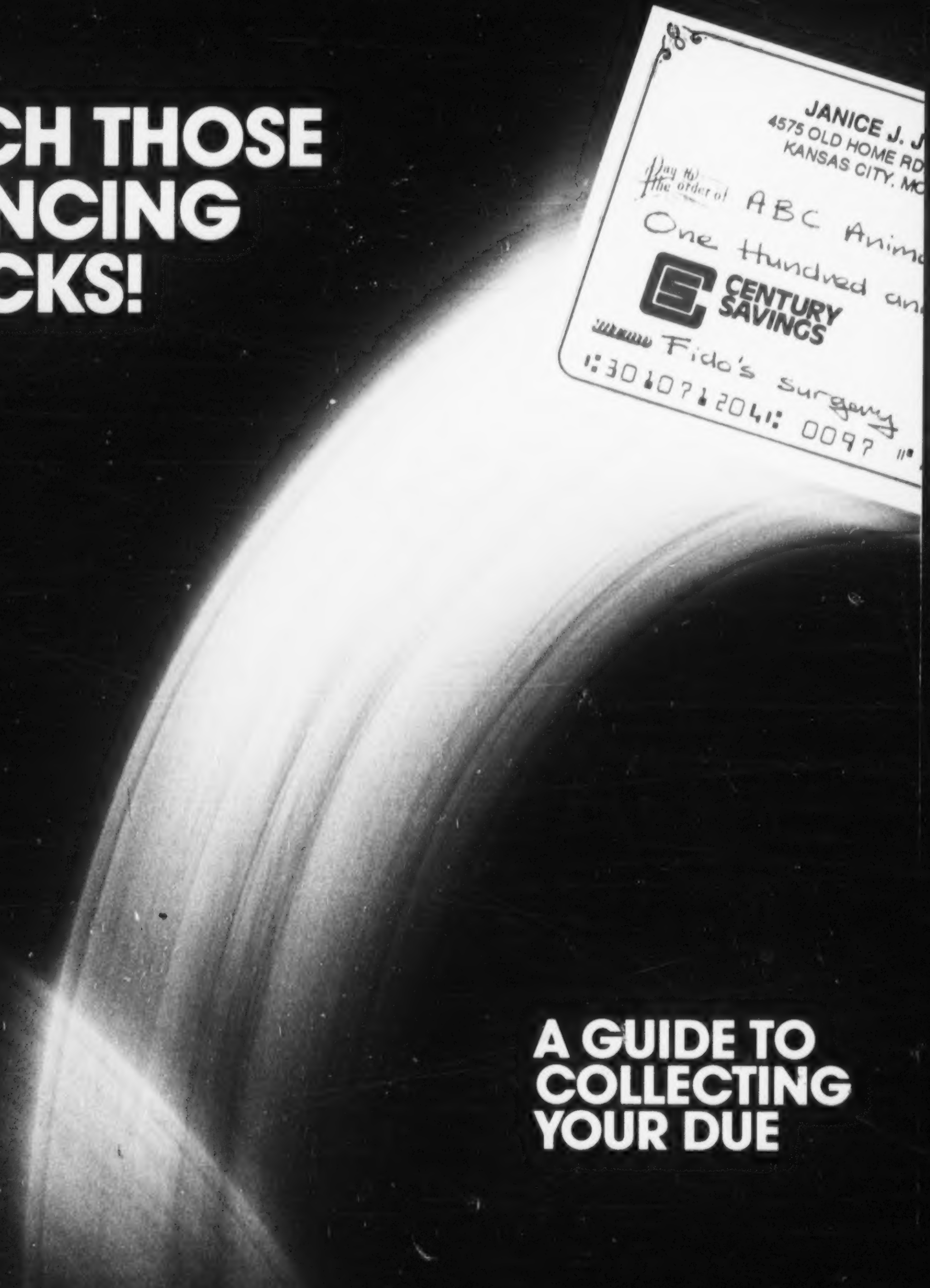
CATCH THOSE BOUNCING CHECKS!



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Fido's surgery
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A GUIDE TO COLLECTING YOUR DUE

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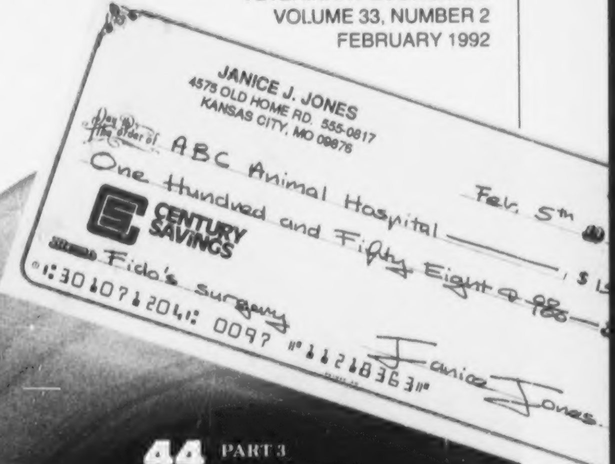
FEBRUARY 1992



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Janice Jones

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A guide to collecting your due

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MEMO FROM THE EDITOR

Burned up by collections?

Conventional wisdom says that a child will learn not to touch the stove after he's been burned once. Yet many veterinarians tell us, "Every time we let someone charge, we get burned." Presumably, clients who can't or won't pay up-front elicit your compassion, call forth your aversion to conflict—and stifle your baser desire to be paid. The problem is that veterinarians who get burned also say that they're angry about it. They're tired of being taken advantage of, tired of carrying heavy accounts receivable, tired of not being able to pay their bills because clients won't pay theirs.

Getting tough about collections, however, doesn't jibe with being nice, and it's not a pleasant task in the first place. But if you finally decide that you're "mad as hell and not going to take it anymore," then somebody has to get tough. The good news is that the FTC has put all sorts of limitations on just how tough you can be, which opens the door for you to be merely firm—yet still effective. The articles in this issue offer the basics and the rationale for such effective collections. Among the authors' recommendations: that you write down clients' work addresses, act like you *expect* to be paid, and turn over the task of collections to someone with the guts (or the instructions) to *ask* to be paid.

I understand that it's tough to be tough. I hate telling those of you who call for information that you have to pay for reprints. I convince myself that your silence or your protests mean you won't like me or the magazine anymore. I'd much rather talk to you about your practice, send whatever help I can, and conveniently forget to ask you for any money. So what do I do? Summon up the courage to ask, or turn the hard part over to someone else on the staff. And what do you do? You pay for the reprints and keep reading the magazine.

If you're still stuck between your anger about not being paid and your guilt about asking to be paid, consider what hospital administrator Jay Beeber says about clients who try to cheat you: "Why *not* take such clients to court? Aren't veterinarians professionals, with the same right to be paid for their services as anyone else? If you want to treat someone's pet for free, by all means do it. But shouldn't you be the one to decide who benefits from your charity—not vice versa?"

Good point. And ample reason to protect yourself from those burns.

Becky Turner

Rebecca R. Turner

veterinary economics

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ently punctured an artery.

Instinctively, I clamped the palm of my hand over the wound to stop the bleeding. I directed my assistant to remove the cat from the room—one less thing to deal with—and proceeded to replace my hand with a pressure bandage as quickly as possible. Emergency medical care was then sought.

In the next room, my assistant was holding the cat on the exam table. He rolled the cat over and found the entire underside of the cat streaked with the owner's blood.

I'm sure you can guess the rest: The client was forthright about informing us of his HIV status—he is positive. Not only was I potentially exposed by assisting the client without gloves, but so was my assistant by handling the bloody cat.

If you think AIDS education doesn't apply to veterinary medicine, trust me—it does. I'm getting tested for HIV in three months, even though I did *not* have any scratches or wounds on my hands. I'm thankful that this didn't happen last month when an "attack cat" raked me across the palm of my hand with his hind feet. That wound was open and sore for about a week.

Our hospital policy now requires all employees to wear gloves if they ever need to assist a client with scrubbing a wound.

Think about it.

Julia Allen, DVM

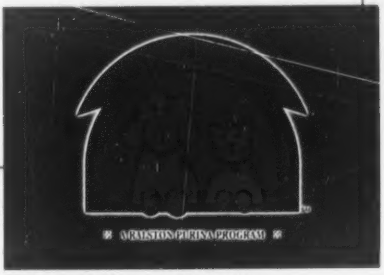
NEW CAMPAIGN ENCOURAGES RESPONSIBLE PET OWNERSHIP

More than 80 leaders from the veterinary profession gathered in St. Louis, Mo., last month to help launch Ralston Purina's "Caring for Pets" campaign.

Dr. Paul King, Ralston's director of veterinary marketing, says the ongoing, multiyear program will emphasize responsible pet ownership, and the vital role veterinarians play in total pet care. "By this fall, we'll have had the opportunity to reach every household in this country," he says.

Both individual veterinarians and VMAs are invited to participate in Caring for Pets. Ralston Purina will provide news releases, pamphlets, photos, fact sheets, posters, and so on, to help with client education, speaking engagements, workshops, and media relations.

The campaign begins this month in Los Angeles, the first stop on a 21-city media tour featuring campaign spokesperson Dr. Debbye Turner. Among the topics to be covered during the campaign: pet selection, vaccination schedules, behavior training, nutrition, dentistry, and geriatric programs. For information, call (800) 222-8387. ■



Ralston Purina worked with consumer and veterinary focus groups to develop the Caring for Pets logo.

SNAPSHOT: LARGE ANIMAL PRACTITIONERS

Percent who are male	92.7
Percent who are female	7.3
Average number of years in practice	15.6
Average number of client visits per week	44.7[1]
Average number of hours worked per week	58.0
Average number of DVMs per practice	2.7
Percent solo practitioners	49.5
Percent partners in multidoctor practice	33.2
Percent employed doctors	16.1
Average client transaction fee	$95.40[2]
Average charge for an office call	$18.00[3]
Average individual gross income	$141,700
Average individual net income	$55,900
Average practice gross income	$430,200

[1] Includes both farm calls and in-clinic visits. [2] Includes clinical procedures, drugs, and merchandised products. [3] Includes exam.
Net income figures represent take-home pay of full-time practicing veterinarians and are tabulated before personal taxes.
Figures do not include profits reinvested in the practice.
Source: VETERINARY ECONOMICS' 1991 financial survey. For survey methodology, see the September 1991 issue, page 33.

veterinary economics
ATTRACTING AND KEEPING TOP TALENT AND PROFITS

CHALLENGE 1992

PAYING YOUR GROOMERS AND KENNEL WORKERS

In part 2 of his salary survey report, Owen McCafferty, CPA, discusses compensation trends for these two important staff positions.

By Owen E. McCafferty, CPA CONTRIBUTING FINANCIAL EDITOR

Editor's note: Last month, we kicked off a four-part series of reports based on a salary survey conducted by Owen McCafferty and VETERINARY ECONOMICS. *In part 1, McCafferty pointed out that the purpose of the survey is to take a look at veterinary practices today, and to identify trends that may affect your practice in the future. He also noted that the figures do not account for 1990 and 1991 inflation, and should be carefully considered in tandem with his commentary. The next survey will be conducted in the April issue, and you're encouraged to participate.*

In last month's report, McCafferty discussed technicians, receptionists, bookkeepers, office managers, and practice managers. Here, he takes a look at groomers and kennel workers.

For the purposes of this survey report, we focused on the salaries of groomers as employees. We found, for example, that the average reported pay per hour for groomers is $5.64, with a reported minimum wage of $3.35 an hour and a maximum of $10 per hour. As a percentage of gross income, most practices devote about 1.54 percent to grooming, but the responses vary from 0.25 percent up to 4 percent.

On an annual basis, groomers earn an average of $11,182, with the range starting at $2,000 and rising to $28,717. Groomers work about 1,361 hours per year; it's important to note, however, that in many cases, grooming activities are probably mixed in with technician and receptionist duties. We did encounter a few practices with full-time groomers, most of whom worked a normal workweek without overtime.

Most of the doctors who responded to the survey say they employ one groomer. Groomers receive vacation and holiday time —as well as other benefits—on a par with other staff positions, but they're allowed less sick time. The continuing-education benefit proves low as well, with practices spending about $126, and allowing about 1.67 days, per year on CE for their groomers.

In future articles, I'll discuss the trend toward paying groomers a percentage of gross income, and on paying them as employees rather than as independent contractors. I'll then discuss compensation for both classifications. (For more on personnel classification, see "Which Is It? Independent Contractor or Employee?" in the May 1990 issue, page 74.)

Kennel staff

The backbone of any practice is the kennel staff. Their two most important roles: keeping the practice clean and odor-free, and monitoring the status of patients on a constant-care basis.

The survey shows that kennel workers are paid, on average, $4.93 per hour, with $3.02 per hour the minimum reported pay and $9 the maximum reported pay. The minimum may be a serious problem, because it falls below minimum wage.

I assume that the practice report-

THE AUTHOR heads a Cleveland, Ohio, accounting firm devoted to tax and practice management assistance for veterinarians.

GROOMERS

AVERAGE ANNUAL HOUR AND PAY STATISTICS

	Average	Minimum	Maximum
Pay per hour	$5.64	$3.35	$10.00
Pay as % of practice gross	1.54%	0.25%	4.0%
Pay per year	$11,181.56	$2,000.00	$28,717.00
Number of hours worked	1,361.17	250.0	2,080.0
Number of groomers/practice	1.09	0.5	2.0
Number of vacation hours	59.88	40.0	96.0
Number of holiday hours	51.08	40.0	96.0
Number of sick hours	37.71	16.0	48.0

AVERAGE ANNUAL BENEFITS STATISTICS

	Average	Minimum	Maximum
Contribution for pension/ profit sharing plan	$611.67	$250.00	$1,200.00
Contribution for health insurance benefit	$1,060.71	$365.00	$3,180.00
Contribution for unreimbursed medical expenses	*	*	*
Contribution for child-care benefit	*	*	*
Contributions for other benefits	$213.67	$26.00	$500.00
Contribution for continuing education	$125.50	$50.00	$292.00
Number of days offered for continuing education	1.67	1.0	2.0

*None provided

ing that amount is small and doesn't engage in interstate commerce, thereby making federal minimum-wage laws inapplicable. It's possible, however, that the practice is in violation of the law and should immediately rectify the situation. (See "Understanding Wage and Hour Regulations," in the March 1991 issue, page 104.)

As a percentage of gross practice income, average pay for kennel staff comes to 3.3 percent, with a range from 0.03 percent to 8.5 percent. The low end is easily explained by one or more situations: Either receptionists and technicians doubled up on kennel duties, the practitioners did the work themselves, or family members did the work for no pay. On the high end, I suspect that the doctors classified both their technicians and their kennel staff under the kennel classification.

On an annual basis, kennel staff average about $9,415, with the range spanning from part-time help at $400 per year to well-paid help at $20,000 per year. At the $20,000 level, the kennel person probably supervises an entire staff of kennel people. For example, one practice reported employing 14 kennel people, making supervisory personnel a necessity.

Kennel staff spend, on average, 1,585 hours a year at work. Please don't be misled by this number; it includes both full- and part-time employees. In our experience, it takes 1.75 full-time kennel workers, or 3,619 hours, to staff an average hospital each year. Some practices utilize part-time work-

KENNEL STAFF

AVERAGE ANNUAL HOUR AND PAY STATISTICS

	Average	Minimum	Maximum
Pay per hour	$4.93	$3.02	$9.00
Pay as % of practice gross	3.3%	0.03%	8.5%
Pay per year	$9,414.80	$400.00	$20,000.00
Number of hours worked	1,585.0	100.0	3,120.0
Number of kennel staff/practice	1.74	0.5	14.0
Number of vacation hours	64.79	8.0	160.0
Number of holiday hours	45.68	8.0	96.0
Number of sick hours	43.51	12.0	96.0

AVERAGE ANNUAL BENEFITS STATISTICS

	Average	Minimum	Maximum
Contribution for pension/ profit sharing plan	$1,193.78	$100.00	$2,100.00
Contribution for health insurance benefit	$1,143.79	$24.00	$2,688.00
Contribution for unreimbursed medical expenses	$299.17	$45.00	$750.00
Contribution for child-care benefit	*	*	*
Contributions for other benefits	$257.78	$50.00	$850.00
Contribution for continuing education	$224.21	$20.00	$1,400.00
Number of days offered for continuing education	2.06	0.5	5.0

*None provided

ers; others employ an entire army of kennel staff.

Vacation, holiday, and sick time for kennel workers is comparable among all levels of support staff. Pension and profit-sharing contributions are naturally lower given the lower payroll. However, because health insurance is based on the number of people as opposed to compensation amount, medical costs prove comparable.

Continuing education expenditures are lower for kennel staff than for any other segmented group. Kennel staff receive, on average, $224 and about two days a year for CE. The amount is comparable with that given technicians ($278 and almost 3 days), primarily due to the blending of duties between the two positions. In the future, that blending is likely to stop, with the job duties more defined and delineated. At that time, more money and time will be spent on CE for technicians, and less on kennel staff, because technicians in this role will move away from it.

A final comment, which I'll include in each report: Please understand that your ability to pay salaries is contingent strictly on your ability to generate income. If you find these salary payments unacceptable or below the standard you hope to pay, consider raising your fees. The pool of dollars within your practice is limited, but if you receive a just fee for services rendered, you then can pay a just fee to your most valuable asset—your employees. ■

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MARCH 1992

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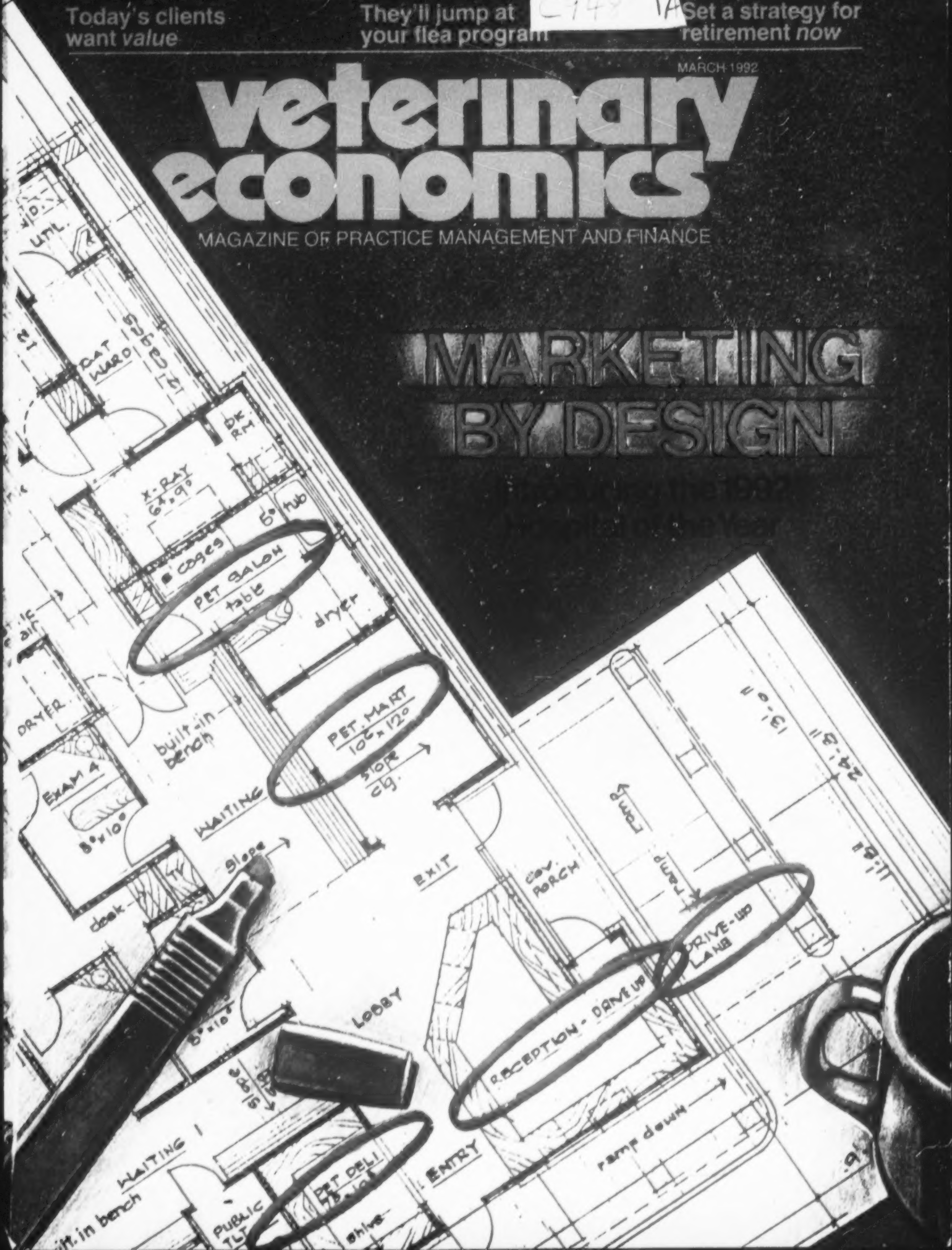
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DK RM
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PET SALON
table
dryer
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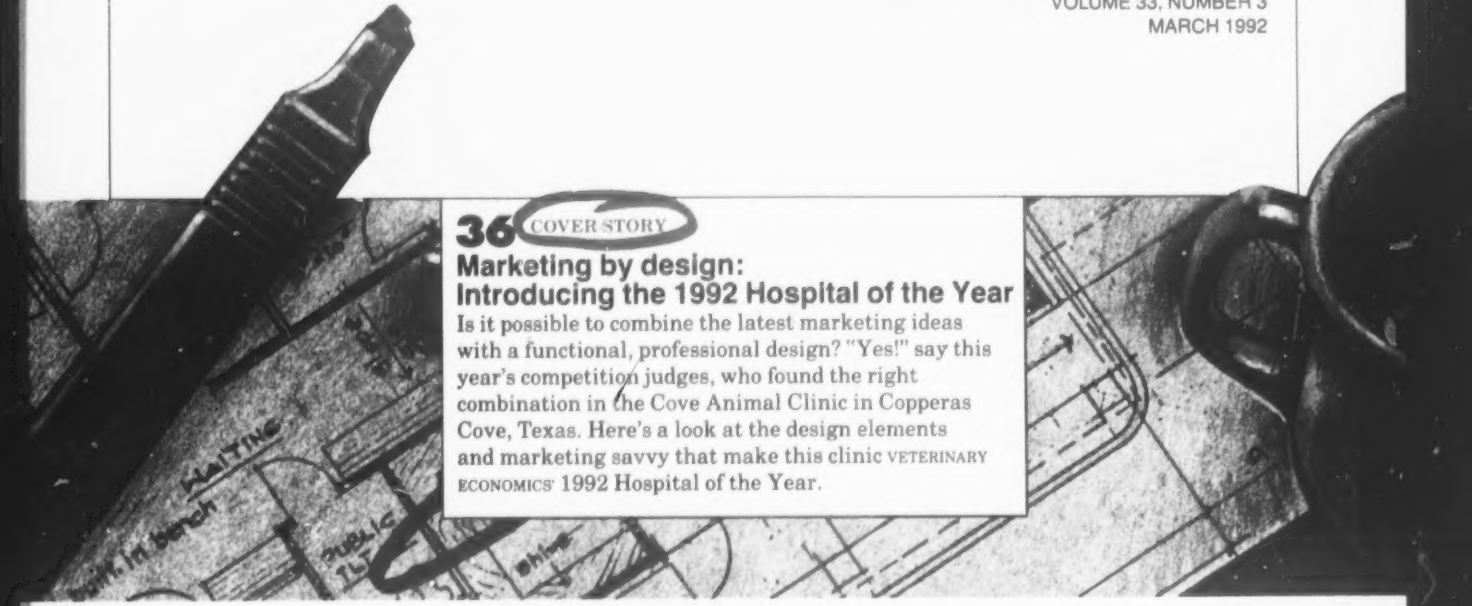

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MEMO FROM THE EDITOR

Join the obsession

Management mastermind Tom Peters says that the essence of sustainable competitive advantage is the obvious, the little things, and the accumulation of little things over the years. He writes:

> *In short, competitive advantage that sticks is invariably about a hundred, a thousand, a thousand-thousand tiny details —each readily copyable (if taken seriously by competitors, which is unusual—and my point), but cumulatively extraordinary in impact and virtually uncopyable in practice . . . The trick—yes, the trick—to sustainability lies, almost entirely, in being obsessed with constant improvement, eventually institutionalizing constant improvement.*

You can see Peters' obsession in the eyes of successful veterinarians. Last month in Las Vegas, I met with Ross Clark, Marty Becker, Richard Thomes, Gary Johnson, Tom Maddux, and many other successful doctors, and I hope they will hear the compliment in my words when I say that they are truly obsessed. They are obsessed with client service, staff satisfaction, and superior medicine. They are looking for answers everywhere, and are not content to complain. They are overseers of the thousand-thousand details, and living proof that the cumulative impact is indeed extraordinary.

Veterinarians guided by Peters' quest for improvement are looking inward for success, outward for ideas and inspiration, and away from the temptation to blame their problems on others. As you will see in this issue, they are building award-winning hospitals, studying what their clients want and *providing it*, giving mighty attention to the lowly flea, compensating themselves well, learning to keep clients by understanding their objections, making smart moves to ensure a comfortable retirement, and thinking twice about the offhand remarks they make to their employees.

To borrow once again from Peters, these doctors are in search of excellence, and are not likely to give up until they find it.

Becky Turner

Rebecca R. Turner

veterinary economics

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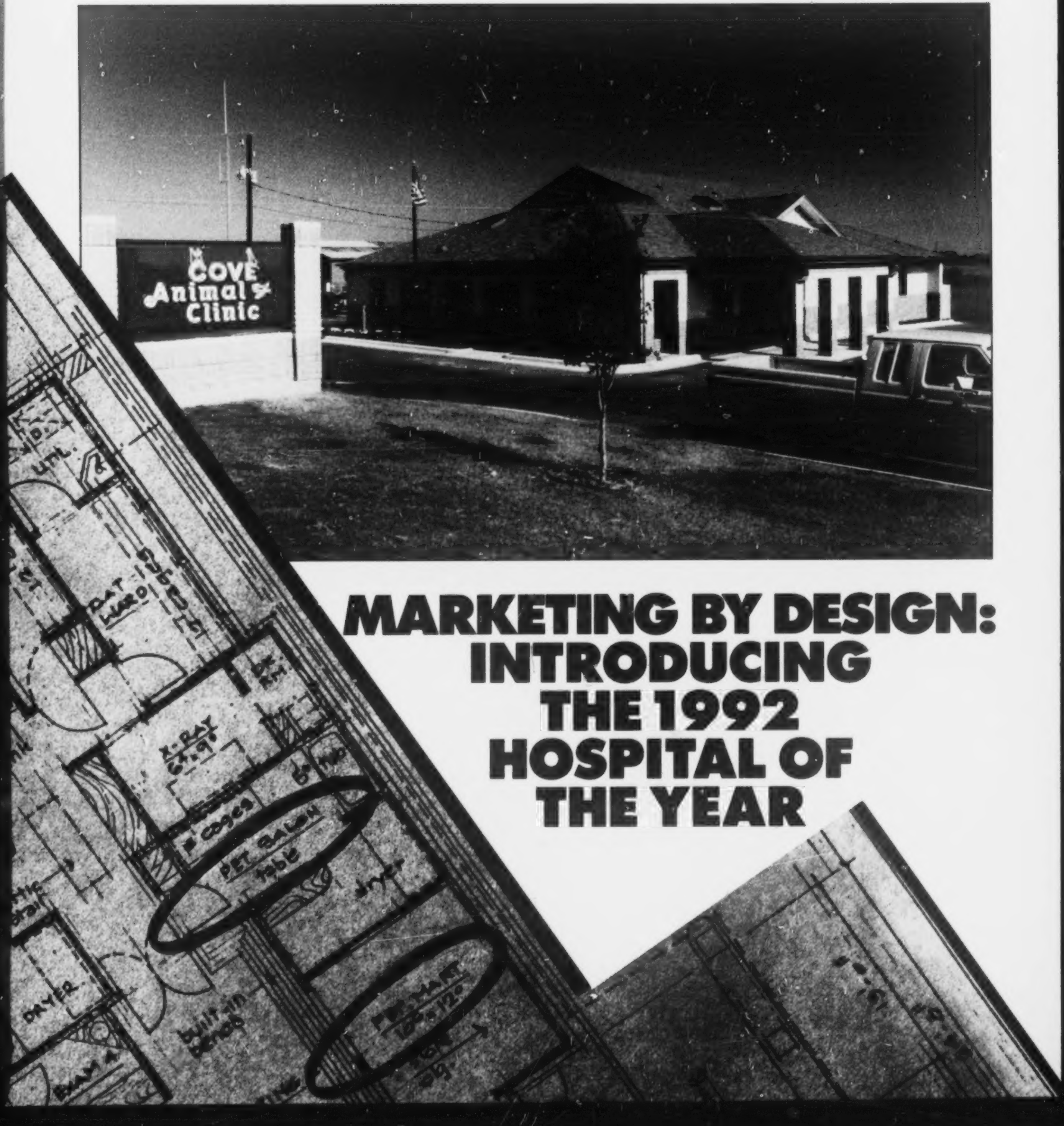
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table
dryer
DRYER
built-in bench
PET MART
EXAM 4

MARKETING BY DESIGN: INTRODUCING THE 1992 HOSPITAL OF THE YEAR

Is it possible to combine the latest marketing ideas with a functional, professional design? "Yes!" say this year's competition judges, who found the right combination in the Cove Animal Clinic in Copperas Cove, Texas. Here's a look at the design elements and marketing savvy that make this clinic VETERINARY ECONOMICS' 1992 Hospital of the Year.

By Catherine C. Lumetta
MANAGING EDITOR

"They've incorporated all the latest ideas for marketing and delivery of veterinary medical services—without flawing the floor plan."

—Ross Clark, DVM

"Look at that exterior: Simple, clean lines—very professional looking—with virtually no maintenance. And then look at the inside: It's hard to work in extra merchandising services without destroying the floor plan."

—Dan Chapel, AIA

"It wears well; it's a classical design. You look at it, critique it, and it just keeps getting better."

—Jim Marshall, AIA

"They've made a high merchandising commitment and done it well; although the neon signs may be a bit overcommercialized, the hospital is nonetheless professional throughout."

—James Rosenberger, DVM

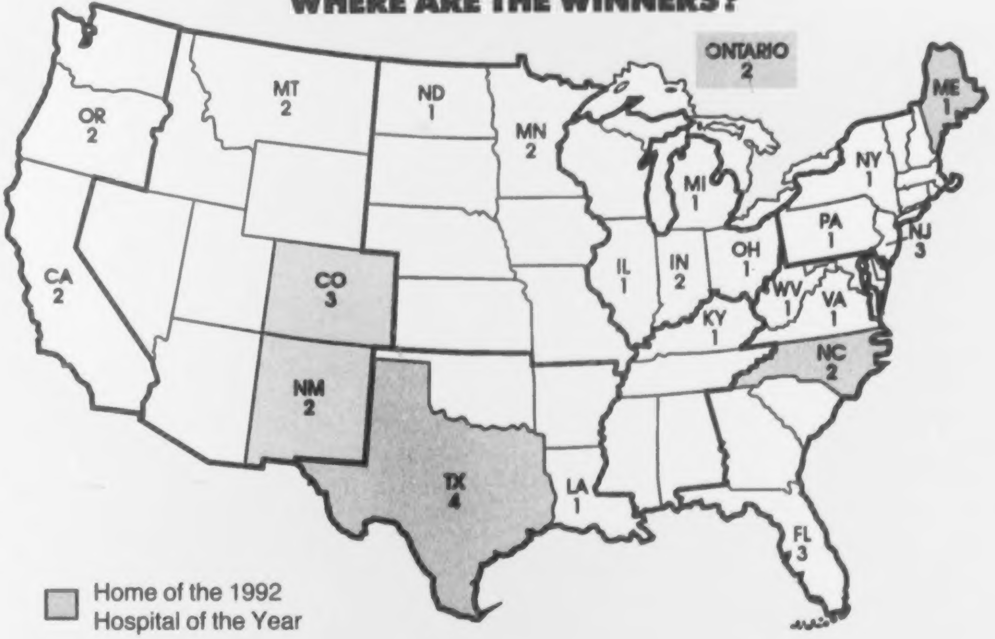
With these glowing assessments, the four judges of this year's VETERINARY ECONOMICS design competition bestowed Hospital of the Year honors on the Cove Animal Clinic in Copperas Cove, Texas.

A superlative combination of marketing and design elevated this entry above 39 others, much to the delight of owners Drs. Marty Hughes, Ed Kahil, and Barbara Barolak Hughes. Their goals in building the clinic: To give the structure "street appeal, permanence, and ease of maintenance."

The owners report that the former Cove Animal Clinic lacked all three qualities. According to Dr. Marty Hughes, who provided the information for this article, "We were in a strip center, with poor signage and accessibility, and only three client parking spaces. We had 2,000 square feet for three doctors, and the facility

The clean, classic, maintenance-free exterior of the Cove Animal Clinic appealed to the design-competition judges—and helped earn the clinic Hospital of the Year honors. The clinic, owned by Drs. Marty Hughes, Ed Kahil, and Barbara Barolak Hughes, and designed by architect Ralph A. Thibodeau, is located in Copperas Cove, Texas, about 60 miles north of Austin. The waiting area divides into two distinct seating arrangements (see the floor plan on page 41), providing enough room for clients to find a quiet space, or to visit the surrounding "mall" of ancillary services. In the public and staff areas, walls are a mix of semigloss latex enamel paint and vinyl wall covering. The judges also honored nine other competition entrants; for a list and a map, see page 38.

WHERE ARE THE WINNERS?



The map above shows the number of design competition entries from each state. The winners—whose states are shaded on the map—are listed below. The Runner-Up and each Merit Award winner will be featured in upcoming issues.

1992 Hospital of the Year
Cove Animal Clinic
Copperas Cove, Texas
Small animal, freestanding
4,480 square feet

1992 Runner-Up
Lewiston Veterinary Hospital
Lewiston, Maine
Small animal, freestanding
7,290 square feet

1992 Merit Awards

Allpets Clinic
Boulder, Colo.
Small animal, additions/alterations
7,300 square feet

Animal Health & Medical Center
Stephenville, Texas
Mixed animal, freestanding
10,355 square feet

Bay Glen Animal Hospital
Clear Lake City, Texas
Small animal, leasehold
3,200 square feet

Blue Cross Veterinary Services
Sarnia, Ontario
Small animal, freestanding*
6,200 square feet

Elmfield Veterinary Center & Pet Lodge
Denver, Colo.
Small animal, freestanding
18,239 square feet

Emergency Veterinary Clinic
Charlotte, N.C.
Small animal, conversion
7,100 square feet

Loretto Veterinary Clinic
San Ysidro, N.M.
Small animal, freestanding*
1,800 square feet

Uptown Cat Hospital
Albuquerque, N.M.
Feline, leasehold
2,400 square feet

*Practice is mixed animal, facility is small animal

▶

WHO ENTERED WHAT?

The 40 entries in this year's competition included:

Construction type	Number of entries
Freestanding	15
Leasehold	9
Additions and alterations	9
Conversion	5
Renovation	1
Home clinic	1

Practice type	Number of entries
Small animal	29
Mixed animal	7*
Feline-only	4

*Only two of the seven mixed animal practices were designed to treat large animals in-hospital.

was very poorly organized."

The doctors began searching for a new location that would offer direct visibility from the highway. As luck would have it, a piece of land became available across the highway from the strip center. The doctors bought the property in 1988, and began planning.

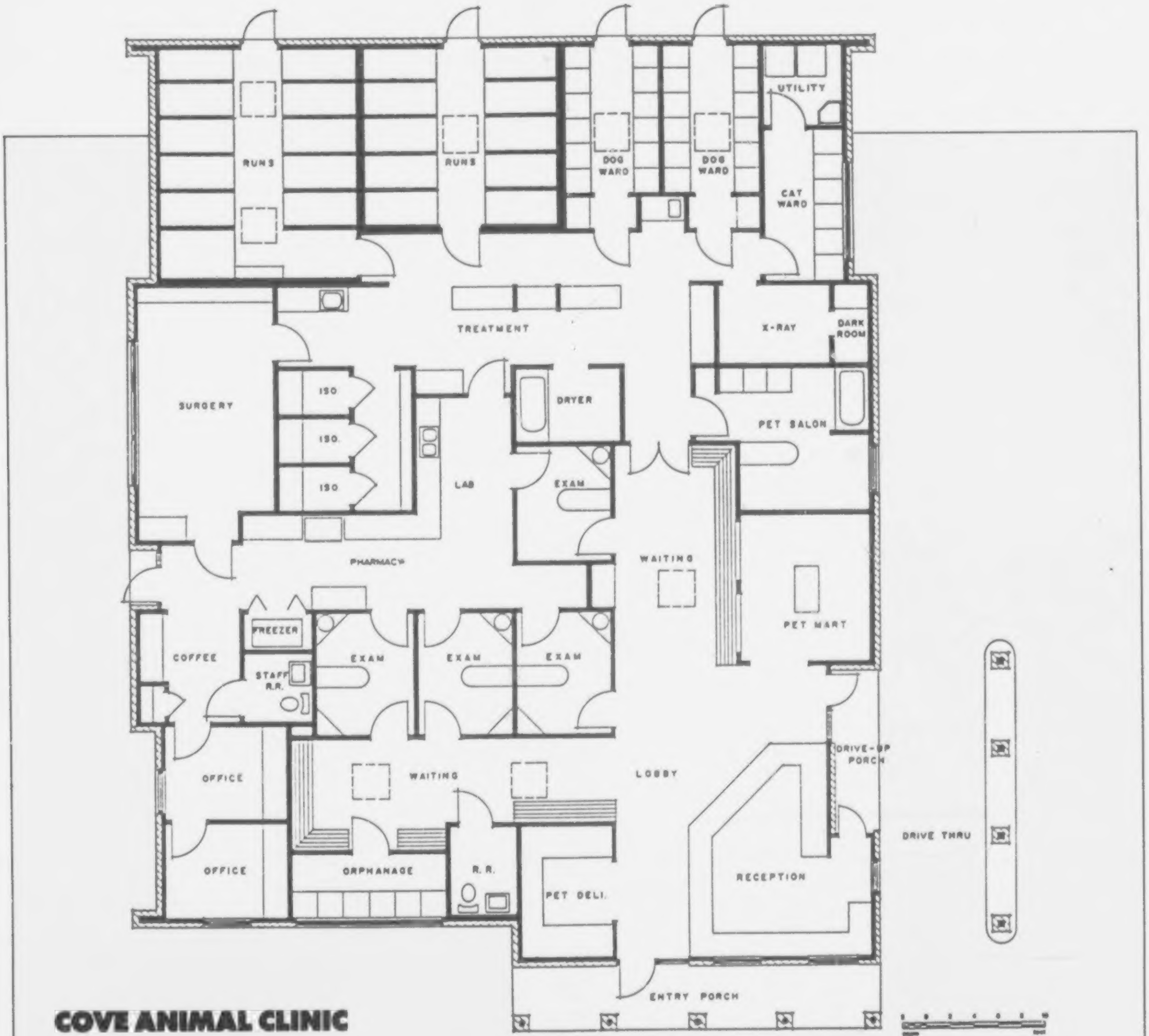
Dr. Hughes gave the team a head start: He'd researched past design articles in VETERINARY ECONOMICS, and had already decided to attend a VETERINARY ECONOMICS hospital design conference. "We gained a lot of great information there, especially with regard to materials, soundproofing, odor control, HVAC systems, and so on. What we learned is helping us every day in our clinic," he says.

To finance the new clinic, the doctors received conventional interim and permanent financing based on profit-and-loss statements of previous clinic performance. "We talked to several banks in the area, and three out of four approved our application," Dr. Hughes says. "It was a matter of picking the terms and the bank we felt comfortable with."

Marketing-design connection

The challenge: To offer a full range of services and products in a professional manner—without forcing them on clients. The solution? To present ancillary health-care options through a "mall" atmosphere in the waiting area. "We wanted to incorporate ancillary services in an open-air atmosphere, without forcing them on people," Dr. Kahil says. "We really wanted those other areas to have their own compartments outside the reception area, but visible from it," Dr. Hughes adds.

The result? Separate ancillary services, each with its own room, surrounding a spacious waiting area. Customized names in neon announce each "store": In addition to the "Pet Mart," "Pet Deli," and "Pet Salon," there is an animal adoption room called the "Arfanage." Interior and exterior windows in the Arfanage allow passersby and waiting clients to look in on the adoptees. Adoption fees are based on the cost of the remaining vaccinations, and on the cost of neutering or spaying the animal—both requirements for adoption.▶


RUNS
RUNS
DOG WARD
DOG WARD
UTILITY
CAT WARD
TREATMENT
X-RAY
DARK ROOM
SURGERY
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ISO
DRYER
PET SALON
LAB
EXAM
WAITING
PHARMACY
PET MART
FREEZER
COFFEE
STAFF R.R.
EXAM
EXAM
EXAM
OFFICE
WAITING
LOBBY
DRIVE-UP PORCH
DRIVE THRU
OFFICE
ORPHANAGE
R.R.
PET DELI.
RECEPTION
ENTRY PORCH

COVE ANIMAL CLINIC

Address: 2515 E. Hwy. 190
Copperas Cove, TX 76522

Owners: Marty Hughes, DVM
Ed Kahil, DVM
Barbara Barolak Hughes, DVM

Other DVMs: Monica Sauer, DVM

Support staff: 13 full-time

Building size: 4,480 square feet

Practice type:
100 percent small animal

Number of cages in wards:
72 dog, 18 cat

Number of runs: 21 indoor
10 outdoor

Number of parking spaces:
14 client
8 staff

Construction cost: $319,426
($71.30 per sq. ft.)

Other costs (professional fees, debt service, survey fees):
$56,531

Site cost: $125,000

Equipment costs: $53,379

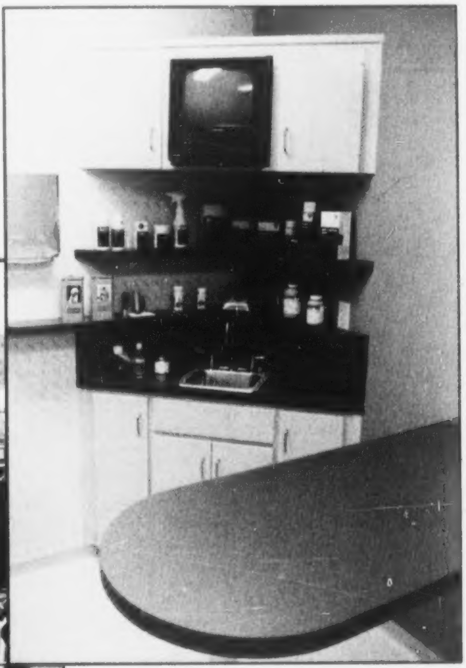
Furnishings costs: $7,215

Architect: Ralph A. Thibodeau, AIA
5926 Balcones, Suite 200
Austin, TX 78731

The doctors asked for natural light throughout the clinic—and they get plenty in surgery (below); cats in the ward sunbathe and enjoy the outdoor view; and clients can peer in at their pets. Even the runs and ward feature skylights.

Selection criteria for clinic materials: longevity, easy maintenance, and aesthetics. The exam tables (right) fold up for easy cleaning, and to allow the doctors to examine large dogs on the floor. Clinic flooring, except in the offices and runs, is coved Armstrong Medintech inlaid sheet vinyl.

The judges made positive note of the cabinetry, which, with the exception of the plastic-laminate reception desk, is built of enameled wood. The wet and dry segments of the treatment table (bottom) are separated by a column of cabinetry that houses patient records and supplies, and provides electricity.



When told that one of the judges questioned the commercial nature of the neon signs, Dr. Hughes explained, "That was the signage we felt would go along with the mall effect. We have several malls in the area that use a lot of neon, so the clients relate to it. Neon seemed to be fun and different for a veterinary clinic. I agree that it can be very gaudy and glaring, but we chose soft colors."

The doctors report that their clients like the mall concept, many of them preferring to wander through it than to sit in the waiting area, which was originally designed for separate cat and dog seating. "We found that there's so much space that clients usually just move to whatever area isn't occupied, and many of them spend their time walking around the area looking at the Arfanage and Pet Mart," Dr. Hughes says.

Marketing inside and out

"We wanted to create such a unique facility that clients would talk about it when they went home," Dr. Hughes says. Clients, for example, are talking about the covered drive-thru lane, which they use during inclement weather, and when they need only to pick up a prescription or other supplies.

Says Dr. Hughes: "We decided to include a drive-thru for two reasons, both with the client in mind: To keep animals dry and clean, and for the convenience of

THE GOING RATE FOR NEW HOSPITALS

Clinic type	Average construction costs[1]	Average cost per. sq. ft.
Freestanding	$341,869	$61
	$417,945	$71
Leasehold	$113,987	$49
	$109,400	$49
Additions/alterations	$277,809	$61
	$209,297	$43
Conversion	$226,693	$59
	$185,000	$42
Renovation	$473,476	$66
	*	*
Home clinic	$6,340	$19
	$175,000	$160
All projects	$256,687	$57
	$332,495	$65

☐ 1992 entries ☐ 1991 entries

[1] Figures compiled from VETERINARY ECONOMICS' Hospital Design Competition entries from 1991 and 1992. Includes all materials, labor, and contract costs. Professional fees, land, and equipment costs not included.

*Not applicable.

the quick drive-up. It's used every day around lunch time, when people are running errands. And on rainy days there's a line five cars long. Clients just love it."

A bonus, Dr. Hughes adds, is the convenience the drive-thru offers clients with emergencies. "The area is well-lit and very accessible, which makes clients feel secure when they come in after hours," he says.

Architect Ralph A. Thibodeau, AIA, of Austin, a friend and client of Dr. Hughes', designed the facility to be comfortable, attractive, and efficient for both staff and clients. To help accomplish these goals, the building is zoned into public, private, and animal-quarter areas, each separated by sound and odor buffers. (See the floor plan on page 41.)

To make the interior of the building comfortable, a three-zone geothermal heat pump with automatic programmable changeover thermostats regulates the building's temperature; the adoption room has its own HVAC as well. A separate HVAC system with a ventilation cycle heats and cools the animal quarters to minimize odor; dehumidifiers in the runs aid in moisture control.

The ward and run areas at the back of the hospital are acoustically sealed with weather stripping, acoustic sealant at the duct penetrations, and solid-core doors. Partitions extending to the roof deck are insulated with fiberglass sound-attenuation batts.

The isolation area, which the doctors report is easily monitored from a hall adjoining the treatment area, exhausts air directly to the outside. The doors to each unit are sealed with weather stripping; windows allow doctors and staff to view the animals without opening the doors.

The doctors wanted natural light in as many places as possible; thus the placement of windows in the reception/mall area and in such non-traditional areas as the surgery suite. The natural light, combined with recessed incandescent down and spot lighting, mixes with the fluorescent lighting to provide a warm look to the clinic interior. Alternating blue and mauve plastic-laminate seating and counters complete the professional but inviting look.

Booming business

The new Cove Animal Clinic opened its doors February 15, 1991. "During 1991, our business increased 24 percent, which is similar to the growth rate we've always experienced," Dr. Hughes says. "But we have a lot of military in the area, so during Desert Storm, the economy was quite slow. In the last several months, we've had pretty dramatic increases, more toward 35 percent, and since we opened our doors, we've increased lay and professional staff 50 percent."

To fine-tune their hospital, the doctors are adding more Tectum and USC acoustic panels in the run and reception areas. "Our architect advised us to try it as is in order to see how well the materials would absorb sound, but the runs are a bit too noisy with all the concrete," Dr. Hughes says.

Otherwise, the doctors say they wouldn't change a thing: "We've been tickled to death," Dr. Hughes says. "Traffic flow has worked out great. It's very easy for the doctors and staff to work, and it seems to be a comfortable place for clients and their critters. It's just a lot more fun to come to work now." □

Competition judges pored over the 40 entries for two days. The judges, from left: Architects Dan Chapel, Little Rock, Ark., and Jim Marshall, Prairie Village, Kan.; and Drs. Jim Rosenberger, Cleveland, Ohio, and Ross Clark, Tulsa, Okla.

THROUGH RAIN, SLEET, AND SNOW . . . THE COMPETITION MARCHES ON

We're happy to name Dr. Jim Rosenberger "Trooper of the Year" for allowing neither rain nor snow nor delayed airplanes to deter him from judging the hospital design competition. This year, he sat in an airport for eight hours; last year, when the weather forced his flight to land in Omaha rather than Kansas City, he took a bus the rest of the way.

When Dr. Rosenberger called from the Cleveland airport last January 16th, after his second flight delay of the day, he asked, "Do you still want me to come?" The answer was easy: "Of course —as long as you're still willing." We couldn't let him miss his 27th year of judging VETERINARY ECONOMICS' annual hospital design competition—just because of a little snow. Dr. Rosenberger arrived eight hours after everyone else, but was as willing as ever to devote his attention to the 40 veterinary hospitals that made up this year's competition.

The next day, after a late night of studying the entries, Dr. Rosenberger and his fellow judges—Dr. Ross Clark, and architects Jim Marshall and Dan Chapel—were pleased with what they'd seen. "We found that a much lower percentage of floor plans had major defects in them," Dr. Clark says.

"The quality of designs has continued the improvement we've seen in the last couple of years," Marshall adds. "The main line of entries—the middle 30—were good, solid designs with very few flaws, and we haven't seen the real clunkers we used to see."

—The editors

The competition judges prefer stainless-steel runs for the best maintenance, such as those in the Cove Animal Clinic (left), but they concur that those made of welded-wire fabric are a cost-effective alternative (below). In the Cove Animal Clinic, the runs feature flushing floor drains and high-pressure spray hoses; walls are finished with PPG Aquapon epoxy paint.

TAKE NOTE: A LOOK AT THE LATEST TRENDS

The design-competition judges noted several significant trends in this year's entries. For example, retailing isn't simply relegated to a corner of the reception area anymore. "When we started seeing this retailing trend, the displays were just a square at the end of the hall," architect Dan Chapel says. "Now, as the Hospital of the Year illustrates, veterinarians seem to be integrating them into the overall traffic flow. That isn't easy, and I think they've begun to do it very well."

The judges also noted changes in the runs and kennels of many of the hospitals. "We've seen a trend toward stainless-steel or aluminum run gates and various enhancements in the kennel area," Dr. Ross Clark says. "In the '90s, it's going to be important to have attractive boarding and hospitalization spaces, because more and more clients want a tour of hospitals. If you have an attractive place, you're much more likely to oblige. And that can be the difference between winning a boarding animal and losing it to someone else. And if you don't get the boarding, you don't get all the rest of the care throughout the year."

"Although I don't severely fault anybody who uses chain-link runs," he continues, "sometimes it separates the Hospital of the Year from those second in line. That's how close the competition is." Architect Jim Marshall adds: "We did see several good examples of custom-made, welded-wire fabric run gates. This idea seems a good compromise to avoid the cost of stainless steel and the problems that a woven chain link presents."

Flooring is a concern as well. "From my experience on this panel and visiting hospitals, tile is still king of flooring," Dr. Clark says. "It should be used throughout most of the hospital. It seems doctors always run into trouble eventually with coved tile, not because it's inherently problematic, but because it's hard to find installers who do a good job."

"I noticed that some people have found some materials they're very happy with," adds Dr. Jim Rosenberger. "So I think there *are* some answers out there; I encourage people who are thinking about building a hospital to talk to the doctors who own these winning hospitals, because they've really done a lot of good research."

Noting the number of entrants who expressed problems obtaining financing for their projects, Chapel says it's important to research financing options. Adds Dr. Clark: "I noticed many of the doctors got SBA loans; one veterinarian commented that his $400,000 loan was easier to get from the SBA than the original $11,000 loan he used to open his first clinic. So don't overlook the SBA." ■

Why do women DVMs make less money?
How to beat the lingering recession
What's new on the computer horizon?
veterinary economics
ATTRACTING AND KEEPING TOP TALENT AND PROFITS

CHALLENGE 1992

A NEW LOOK AT BENEFITS AND PAY SCALES FOR THE PRACTICE OWNER

In part 3 of his salary survey report, Owen McCafferty, CPA, discusses the compensation trends for veterinarians who own a practice.

By Owen E. McCafferty, CPA CONTRIBUTING FINANCIAL EDITOR

Editor's note: In the January issue, we kicked off a four-part series based on a salary survey conducted by Owen McCafferty and VETERINARY ECONOMICS. *In part 1, McCafferty pointed out that the purpose of the survey is to look at veterinary practices today, and to identify trends that may affect your practice in the future. He also noted that the figures do not account for 1990 and 1991 inflation, and should be carefully considered in tandem with his commentary. The next survey will be conducted in the April issue, and you're encouraged to participate.*

In January's report, McCafferty discussed salary trends for technicians, receptionists, bookkeepers, office managers, and practice managers. In February, he discussed groomers and kennel workers. This month, he turns his sights to practice owners.

THE AUTHOR heads a Cleveland, Ohio, accounting firm devoted to tax and practice management assistance for veterinarians.

According to the veterinarians who responded to this survey, practice owners work, on average, nearly 2,521 hours in a 52-week year, or 48.5 hours a week. These numbers are similar to those worked by business owners in other professions.

Although veterinarians work about 440 hours more a year than a typical 40-hour workweek entails, the number of hours devoted to practice has declined over the years. Ten years ago, for example, practitioners worked 2,600 to 2,800 hours a year without thinking about it twice. But as veterinarians streamline their practices and determine to improve the quality of their lives, many devote less time to veterinary medicine. I suspect this trend will continue, with practitioners working fewer hours each year.

Practice owners reported an average annual salary, excluding return on investment, of $68,119, which translates into about $27 to

$31 per hour. (The range arises because of the large number of respondents whose work hours varied throughout the year.)

It's important to note that the minimum and maximum amounts shown in the table on page 66 may reflect responses from practice owners who work part-time, from practice owners who are either under- or overpaid, or from those survey respondents who didn't fully understand the question. Although we included these ranges for your review, the averages are a more meaningful point of reference.

Practice owners' total salaries represent an average of 28.07 percent of gross practice income. However, when income from boarding, grooming, and point-of-purchase displays is taken out of the equation, the practice owner's compensation as a percentage of gross practice income more closely approximates 30 to 31 percent.

We found that the average number of owners per practice is about 1.36, illustrating the tendency toward multiple ownership. Our prediction: That the average number of owners per practice will grow to two by the year 2000.

Time out, time off

Contrary to popular opinion, practice owners allocate sick time for themselves: about 58 hours, or 1.4 weeks per year. Owners also receive about 136 hours per year of vacation time, or 3.4 weeks per year. As for holidays, owners allocate, on average, 46 hours per year, or 5.7 days.

Please note that all of the hours

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mentioned in the survey are based on an eight-hour day; however, it's incorrect to assume that owners work eight hours a day—as you know, a workday may span 10 to 12 hours. But in order to compare the figures to employee statistics, we translated vacation, holiday, and sick time into hours—the lowest common denominator.

Annual benefits

We were surprised to find that some practice owners are still making rather sizable contributions to pension and profit-sharing plans, contributing an average of $11,217 annually. Most of the veterinarians we work with are either terminating their pension plans and rolling the proceeds into a profit-sharing plan, or eliminating qualified deferred-compensation plans entirely. But don't assume that sizable numbers of practitioners have pension and profit-sharing plans.

For this survey, we didn't include those veterinarians who *don't* make contributions to pension and profit-sharing plans; including them would distort our model. Of those who do contribute to such plans, we found that the average contribution as a percentage of total compensation is 16.5 percent, evidence that most practitioners contribute at or around the profit-sharing plan limitation of 15 percent, with some also having defined-benefits plans. However, practice owners who contributed through an unincorporated Keogh plan contributed less, because such contributions are gen-

PRACTICE OWNERS

AVERAGE ANNUAL HOUR AND PAY STATISTICS FOR OWNERS

	Average	Minimum	Maximum
Pay per hour	$30.81	$12	$61
Pay as % of practice gross	28.07%	9.0%	50.0%
Pay per year	$68,118.54	$5,600	$245,215
Number of hours worked	2,520.88	190.0	4,160.0
Number of owners	1.36	1.0	5.0
Number of vacation hours	136.36	30.0	700.0
Number of holiday hours	46.01	12.0	144.0
Number of sick hours	57.53	16.0	240.0

AVERAGE ANNUAL BENEFITS STATISTICS

	Average	Minimum	Maximum
Contribution for pension/ profit-sharing plan	$11,216.93	$575	$40,000
Contribution for health-insurance benefit	$2,834.40	$104	$8,600
Contribution for unreimbursed medical expenses	$1,388.46	$200	$8,000
Contribution for child-care benefit	$1,000	$1,000	*
Contributions for other benefits	$3,270	$30	$15,000
Contribution for continuing education	$1,359.80	*	*
Number of days offered for continuing education	6.7	0.5	30.0

*None provided

erally restricted to a little more than 13 percent.

Practice owners report paid medical health-insurance premiums of $2,834. From our knowledge of health-insurance programs, this figure compares to a family plan with a deductible of between $300 and $500. Premium costs vary by territory, so we can't assume that the deductible will stay consistent. We believe, however, that the average amount of health-insurance costs for owners will escalate materially over the years. Obviously, health risks or prior incidence of disease will cause these costs to increase as well.

Turning now to unreimbursed medical-expense plans, average reimbursement stands at $1,388, or a little more than $115 per month. Although this amount is higher than we expected, we realize that some practices don't qualify to deduct unreimbursed medical-expense plans. In order to qualify, coverage must be non-discriminatory, but some practices violate this rule. Many practitioners are not aware that the unreimbursed medical-expense plan must be written in a non-discriminatory manner.

The questionnaire didn't ask if the practitioners complied with all of the deductibility rules, but our guess is that the amount of contribution on a non-discriminatory basis would be much lower, probably at the $500 to $600 level per year, assuming that the respondents specified that their plans didn't qualify. Keep in mind that the omission of such information does *not* affect the survey's validity for payment of benefit, but merely the deductibility of that benefit.

The most competitive practices place the greatest emphasis on CE.

Also remember that political factors may cause medical benefits to be determined by statute. In other words, payment may be exacted through taxation instead of through voluntary participation in an employer-provided medical-benefits program.

Child care and CE

The survey shows that very few practices offer child-care benefits for practice owners. Of the practices that do, the average benefit is $1,000. We included this item on the survey, because we believe that the amount will climb as the pressure to attract and keep competent employees increases. We also predict that parental-care benefits will become a negotiated fringe benefit by the year 2000—or even sooner.

Unlike child-care benefits, continuing education (CE) is a budgeted line item in most successful practices. representing at least 0.8 percent of total gross income, and even reaching as high as 5 to 6 percent. Practices spend an average of $1,360 per year on CE for owners, or about 6.7 days. This statistic is testimony to the foresight of the veterinary profession; attorneys, for example, receive fewer CE days than veterinary practice owners, while accountants receive 8 to 10 days.

It's interesting to note that those practices that spend more on CE also report the highest gross income per doctor. Keep in mind, however, that although CE is a good investment, you should choose courses that will provide an economic benefit to the practice. Wasting your money on CE that is nothing more than a thinly disguised vacation offers little in the way of practice growth. We strongly encourage practitioners and staff members to enroll in programs that will provide economic worth. Remember, the most competitive practices today place the greatest emphasis on CE.

A final comment, which I'll include in each report: Please understand that your ability to pay salaries—and to pay yourself—is contingent strictly on your ability to generate income. If you find these salary payments unacceptable or below the standard you hope to pay, consider raising your fees. The pool of dollars within your practice is limited, but if you receive a just fee for services rendered, you then can pay a just fee to your most valuable asset —yourself and your employees. ■

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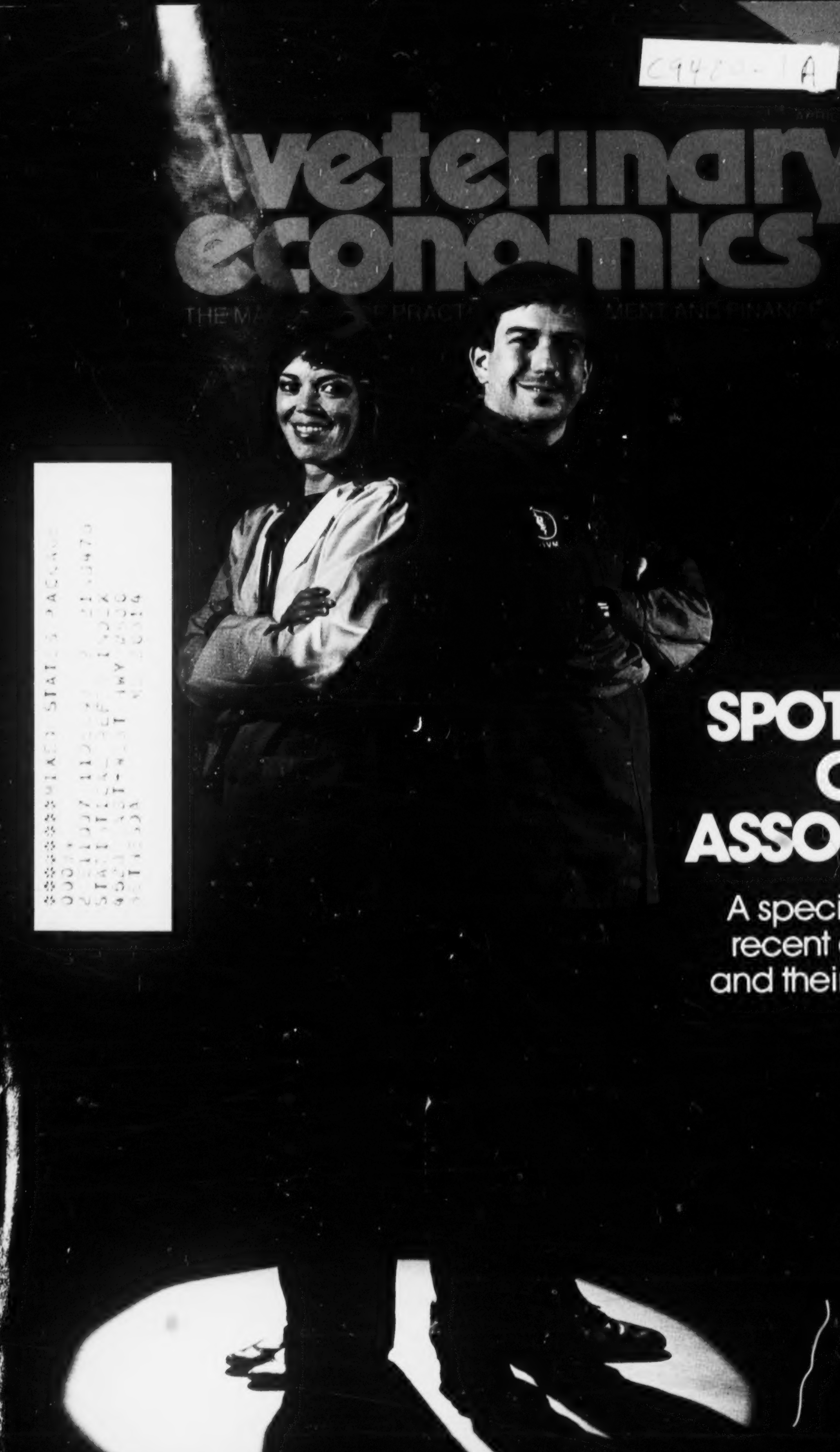
APRIL 1992

veterinary economics

THE MA... PRACT... MENT AND FINANC...

SEND IN YOUR 1992 SALARY SURVEY SEE PAGE 51



SPOTLIGHT ON ASSOCIATES

A special issue for
recent graduates
and their employers

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MEMO FROM THE EDITOR

A meeting of the minds

I suppose it's an age-old problem: Employees complain about their bosses, and bosses complain about their employees. But if there's ever been a compelling reason to actually *solve* this problem, I think you'll find it in veterinary medicine. Why? Because the animosity that seems to poison more than a few owner/associate relationships may, in fact, bring with it more practices, less efficiency, lower incomes, and the smoldering demise of colleagueship.

Sound dramatic? It is, when you consider that the ever-growing number of practices in this country may have less to do with class size and the ruggedly individualistic veterinarian, and more to do with the fact that practice owners and their employed veterinarians can't seem to get along. And unless a solution is found, the story of the impossible owner and the brash young associate who opens a practice down the street will continue, *ad nauseam*.

I can see why sides develop. With students who don't know how valuable communication skills will be (page 12), practice owners who rightly insist they set the rules (page 59), and associates who rightly insist they be treated with respect (page 76), it's no wonder there's friction. I do wonder why, however, there's so little compromise. Maybe it's the "When I was your age, I walked five miles through the snow" syndrome: Most practice owners *were* associates at some point in time, yet many seem to perceive that today's associates have it so much easier than they did.

To help bring about a meeting of the minds, we've assembled an issue here that I think provides something for everyone. And I don't mean ammunition. Sure, there's a good chance that someone in here stands firmly behind your perception of the situation. But this compilation of material might prove more useful if you concentrate on understanding the *other* points of view. For example, practice owners, take a look at what your associates are up against in terms of debt, salary, and sheer intimidation. And associates, look at what your bosses are up against in terms of economics, clients, and sheer responsibility. Then, everybody look at all the suggestions offered here for how to get along. And lest you forget why you got into this mess in the first place, start with page 9. There you'll find a prediction that the age-old story *can*, indeed, have a rosy ending.

Becky Turner

Rebecca R. Turner

veterinary economics

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Why do women DVMs make less money?
How to beat the lingering recession
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veterinary economics
ATTRACTING AND KEEPING TOP TALENT AND PROFITS
A SALARY REPORT BY OWEN McCAFFERTY, CPA

CHALLENGE 1992

AN INSIDE LOOK AT ASSOCIATE PAY

In part 4 of his survey report on staff compensation and benefits, Owen McCafferty focuses on what associates are being paid.

By Owen McCafferty, CPA

Editor's note: In the January 1992 issue, we kicked off a four-part series of reports based on a salary survey conducted by Owen McCafferty and VETERINARY ECONOMICS. *McCafferty and his team of accountants analyzed the survey responses. In part 1, McCafferty pointed out that the purpose of the survey is to take a look at veterinary practices today, and to identify trends that may affect your practice in the future. He noted that the figures don't account for 1990 and 1991 inflation, and should be carefully considered in tandem with his commentary.*

In January's report, McCafferty discussed salary trends for technicians, receptionists, bookkeepers, office managers, and practice managers. In February, he discussed groomers and kennel workers, and in March he turned his sights to practice owners. This month, he tackles pay for nonowner veterinarians.

On page 51, you'll find this year's survey form. To participate in McCafferty's ground-breaking, long-range effort to take a systematic look at staff compensation, please complete and return the survey today!

For associates who've been in practice 1 to 2 years, the survey shows a direct correlation between hours worked and compensation. These associates work an average of 2,279 hours per year, at an average pay per hour of $12.09—for a total 1990 compensation of $27,556. However, a doctor who earns $45,000 in the 1- to 2-year level works 3,380 hours a year, for an effective hourly rate of $13.31.

Taking into account 1990 and 1991 inflation, we estimate the current salary for new graduates to be $26,525. For doctors with one year of completed service, we estimate a current salary level of $30,769. These estimates do *not* include profit-sharing, pension plans, or medical insurance.

As a percentage of gross income, 1- to 2-year associates are paid an average of 15.82 percent, with the range starting at 5 percent and topping out at 25 percent. These findings are surprising; we expected the percentage of gross income for 1- to 2-year associates to range between 18 and 22 percent, with an average of 19 to 20 percent.

(Note: We believe that the respondent reporting "5 percent" misinterpreted the question, perhaps mistaking "gross" for *practice* gross, which would make sense, for example, in a four-doctor practice. The high-end response—25 percent —came from an equine practice. We found that track practices pay a higher percentage of gross and a higher average salary; the number of hours worked per year is higher as well.)

The 15.82-percent average seems to indicate that many veterinary employers consider the first 1 to 2 years of practice to be a period of internship and residency. As you'll see, the gross income and percentage-of-gross rates for doctors with more experience increases, as we typically expect. Generally, in the early years of service to a practice, an associate receives a base wage. Then, as he or she gains experience and medical acumen, compensation based on a percentage of gross income

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THE AUTHOR heads a Cleveland, Ohio, accounting firm devoted to tax and practice management assistance for veterinarians.

1- TO 2-YEAR ASSOCIATES

AVERAGE ANNUAL HOUR AND PAY STATISTICS

	Average	Minimum	Maximum
Pay per hour	$12.09	$9.86	$20.00
Pay as % of individual gross	15.82%	5.0%	25.0%
Pay per year	$27,555.71	$10,000.00	$45,000.00
Number of hours worked	2,278.93	1,300.0	3,380.0
Number of associates	1.23	0.75	5.0
Number of vacation hours	79.09	40.0	120.0
Number of holiday hours	42.15	16.0	64.0
Number of sick hours	47.23	16.0	200.0

AVERAGE ANNUAL BENEFITS STATISTICS

	Average	Minimum	Maximum
Contribution for pension/ profit-sharing plan	$3,788.00	$400.00	$10,000.00
Contribution for health-insurance benefit	$1,196.81	$107.00	$4,400.00
Contribution for unreimbursed medical expenses	$566.67	$100.00	$1,200.00
Contribution for child-care benefit	*	*	*
Contributions for other benefits	$1,172.00	$30.00	$3,255.00
Contribution for continuing education	$533.07	$100.00	$1,500.00
Number of days offered for continuing education	4.23	1.0	7.0

*None provided

becomes more realistic to offer.

On average, practices employ 1.23 associates in the 1- to 2-year category, with the range starting at 0.75 and growing to 5. This low average indicates that the number of new graduates hired is less than it used to be. We also found that the number of doctors in the 3- to 4-year category is equal to the number in the 1- to 2-year category, indicating that more practices are acquiring and hanging on to experienced doctors. These doctors, it seems, don't look for alternative opportunities as quickly as they did in previous years.

Annual vacation hours for the 1- to 2-year associate average a normal 79 hours, or two weeks. At 42 hours per year, holiday time also coincides with our expectations. As for time off for illness, the responses range from 16 to 200 hours per year, with an average of 47. Our best interpretation is that the 200 hours includes time off for situations of both illness and disability.

In the benefits category, we were surprised to see that some practices generously offer profit-sharing and pension plans. For the 1- to 2-year veterinarian, the average amount contributed annually to a pension or profit-sharing plan is $3,788, or about 13.75 percent of gross income. Remember, however, that many practices don't offer such plans, and that the numbers here represent only those that do. The range: $400 to $10,000. We believe that the $10,000 figure represents the contribution to a combination pension and profit-sharing plan.

We found that profit-sharing plans are much more popular than pension plans for those practices that have a qualified deferred-compensation arrangement. This finding confirms our theory that practitioners are abandoning pension plans and, if offering any plans at all, moving toward profit-sharing plans. In fact, many are terminating both kinds of plans.

Health insurance is a much more common benefit. Amounts range from $107 to $4,400 for doctors at the 1- to 2-year level. The average, $1,197, approximates what single coverage would be in most geographic areas. These valuable findings indicate a growing tendency to offer health-insurance coverage. Contributions toward unreimbursed medical expenses range from $100 to $1,200, with an average of about $567. Often, these plans seem to be substitutes for health insurance. Under such a plan, employees decide how they wish to disburse their medical expenses—either for medical insurance or other forms of medical cost outside of insurance.

Unreimbursed medical-expense plans seem to be more popular with those practices that hire married individuals—perhaps because these people have spouses who provide other coverage. Unreimbursed medical-expense plans give doctors an extra benefit that would normally be wasted by duplicate coverage under a health-insurance program.

We found that no respondents offer child care for non-owning doctors at the 1- to 2-year level. This finding comes as no surprise, because younger practitioners usually don't have children. Yet, the child-care benefit is likely to grow in popularity, and may be extended to these practitioners as well in the years to come.

When asked what other benefits they provide, the respondents listed such items as paid personal days, coffee, soft drinks, uniforms, malpractice insurance, year-end bonuses, licenses, liability insurance, association memberships, pet care, dues, gas, discounts for services and products, workers' compensation, group life and disability insurance, automobile usage, business lunches, journals, seminars, incentive plans, gifts, and more. The total cost: an average of $1,172, with a range of $30 to $3,255 per year.

This list indicates that some respondents view items normally considered a cost of doing business as fringe benefits. For example, we consider malpractice insurance, license payments, continuing education, and journals expenses employer should provide to keep employees at their highest level of competence.

The survey revealed few surprises regarding continuing education for new doctors. Expenditures range from $100 to $1,500 per year, with an average of $533. The respondents also offer an average of 4.23 days for CE, plus payments for tuition, travel expenses, and subsistence. New doctors really have just completed four years of CE; the generous offering of four days is probably designed to maintain the medical knowledge the associates bring with them to the practice, and to help them acquire the wisdom and judgment to apply what they know in an exam-room situation.

Practice owners give themselves an average of 6.7 days for CE, probably because they have a greater knowledge base to maintain, plus specialty interests, such as dentistry. Associates, who may lack the authority to pursue more CE or the fee base to support it, also are still deciding the areas of medicine in which to concentrate. Their CE is more likely to be for relicensure than for new skills. In some professions—such as accounting—licensure isn't even granted until the candidate has acquired a minimum of two years' experience. Perhaps the same theory for licensure should be considered by veterinarians.

3- to 4-year associates

The hourly pay rate for these doctors increases slightly over that of their 1- to 2-year colleagues —from $12.09 to $14.72 an hour. The range: from $8.50 to $25 an hour. Keep in mind, though, that these are not categorical comparisons, because some practices have 1- to 2-year *owners*, 3- to 4-year *non-owners*, and vice versa.

It's no surprise that average pay as a percentage of individual gross is higher at the 3- to 4-year level. On average, the pay represents 20.86 percent of gross income, with a range of 7 to 35 per-

3- TO 4-YEAR ASSOCIATES

AVERAGE ANNUAL HOUR AND PAY STATISTICS

	Average	Minimum	Maximum
Pay per hour	$14.72	$8.50	$25.00
Pay as % of individual gross	20.86%	7.0%	35.0%
Pay per year	$34,612.42	$18,000.00	$67,661.00
Number of hours worked	2,459.97	1,768.0	3,380.0
Number of associates	1.2	1.0	3.0
Number of vacation hours	88.51	40.0	168.0
Number of holiday hours	45.57	24.0	64.0
Number of sick hours	53.0	16.0	200.0

AVERAGE ANNUAL BENEFITS STATISTICS

	Average	Minimum	Maximum
Contribution for pension/ profit-sharing plan	$3,378.18	$948.00	$10,000.00
Contribution for health-insurance benefit	$1,401.91	$420.00	$4,400.00
Contribution for unreimbursed medical expenses	$500.00	$100.00	$1,000.00
Contribution for child-care benefit	*	*	*
Contributions for other benefits	$781.82	$200.00	$2,200.00
Contribution for continuing education	$588.33	$100.00	$1,500.00
Number of days offered for continuing education	4.71	1.0	12.0

*None provided

cent. The high end was more characteristic of practices with emergency services. Again, those who answered 7 percent probably misunderstood the question.

We found that the percentage rate paid was affected by gross income produced. For practices in which the average gross per doctor is low, the average pay as a percentage of gross is *higher*, presumably to provide a living wage. For the very profitable practice, the percentage of gross is lower, because adequate dollars are available to provide a just wage.

Annual compensation falls between $18,000 and $67,661 a year, with the average being $34,612. Critical to an analysis of these numbers, however, are the numbers of hours worked per year, which ranged from 1,768 up to 3,380. Those practices with the highest pay and the most hours worked tend to be equine track practices. In fact, we found salaries in these practices to be 70- to 80-percent higher than in most practice situations—a testament to back-breaking hours.

The number of 3- to 4-year doctors in the average practice is 1.2. The responses indicate a range of 1 to 3 associates per practice, whereas the range for 1- to 2-year associates spans from about 1 to 5. Not surprising findings: As practices grow, the more-experienced doctors are less evident.

A pyramid structure appears to evolve, with experienced doctors assisting the newcomers. Practices top-heavy with experienced doctors should be sure they take full advantage of the knowledge and wisdom these doctors can offer new associates. You must decide how best to use your experienced doctors in relation to your inexperienced doctors.

The survey findings also may point to the experience level at which associates begin to look toward owning their own practices. The lower maximum at the 3- to 4-year level could indicate that these doctors are considering partnership opportunities or setting up their own practices. On the other hand, the average number of associates in the two lowest levels is nearly the same, which may simply mean that employers are choosing not to staff a more experienced level of doctors.

Associates in the 3- to 4-year category are offered, on average, 88.5 hours of vacation each year—10 hours more than that offered to new doctors. Holidays, however, tend to be about the same, with the more-experienced doctors receiving 45.5 hours a year. The minimum number of hours, 24, is higher than the minimum for newer associates, probably because they are more likely to work full-time.

Veterinarians in the 3- to 4-year category are offered more sick leave: 53 hours per year compared to 47 hours per year for their less-experienced colleagues. Of course, because the 3- to 4-year doctors receive more sick hours and holidays, longer vacation, and higher compensation, they must be more productive.

Benefits and other costs of employment generally increase for these doctors, but we found surprising exceptions. For example, the average contribution for pension and profit-sharing plans is $3,378, compared to $3,788 at the 1- to 2-year level. This differential may result from the plans' vesting schedules. Most plans don't provide complete vesting in the first two years of service, so some practices offer greater benefits to employees at the 1-to 2-year level. As the experienced doctors become more vested, the amount of contribution, on average, declines.

Nevertheless, the minimum contribution increased from $400 at the 1-to 2-year level to $948 at the 3- to 4-year level. This increase is probably due to a higher compensation base, as well as a greater probability that the more-experienced doctors encourage their employers to maintain some sort of pension and profit-sharing plan coverage. The maximum contribution topped off at $10,000 for both levels.

At the 3- to 4-year level, costs for health-insurance benefits increased to $1,402 per year, with the doctors more interested in family coverage and more likely to request additional coverage. On the high end, costs for the two levels are the same, $4,400, most likely because the ages are too close to cause an actuary increase in premium cost.

Unreimbursed medical expenses for the 3- to 4-year doctor comes to an average of $500 per year, with a range spanning from $100 to $1,000 a year. These numbers are quite similar to those found at the 1- to 2-year level, which probably means that the practice that offered $1,200 per year to the less-experienced doctors does not employ a 3- to 4-year associate.

Child care isn't available thus far at the 3- to 4-year level; and the cost of other benefits spanned from $200 to $2,200, with an average of $782. The average amount spent for CE is $588, compared to $533 for the 1- to 2-year doctor; we expected to see a higher allowance for the more-experienced doctors. The 3- to 4-year doctors are allowed more time for CE, an average of 4.71 days, probably because they are beginning to isolate their interests and hone their capabilities in these interests.

5- to 6-year associates

Again, we found what we expected in the salary level of these doctors. The 5- to 6-year doctor has gained the experience to generate a substantial level of gross income. As a result, the practice can afford to adequately pay this person for services rendered.

The average pay per hour for these doctors rings in at $19.19 per hour, with a range of $14 to $25. Although we'd like to think that the statistics for this level are as reliable as those for the other levels, we did receive the least response in this category. Then again, the pool of associates at the 5- to 6-year level is lower, so the number of responses needed to provide reliable, meaningful statistics is automatically reduced. ▶

5- to 6-YEAR ASSOCIATES

AVERAGE ANNUAL HOUR AND PAY STATISTICS

	Average	Minimum	Maximum
Pay per hour	$19.19	$14.00	$25.00
Pay as % of individual gross	19.88%	9.3%	30.0%
Pay per year	$42,680.00	21,000.00	$71,724.00
Number of hours worked	2,223.6	832.0	4,056.0
Number of associates	1.16	1.0	2.0
Number of vacation hours	100.0	24.0	160.0
Number of holiday hours	40.5	16.0	81.0
Number of sick hours	55.5	40.0	100.0

AVERAGE ANNUAL BENEFITS STATISTICS

	Average	Minimum	Maximum
Contribution for pension/ profit-sharing plan	$2,836.00	$500.00	$5,800.00
Contribution for health-insurance benefit	$2,069.00	$177.00	$5,376.00
Contribution for unreimbursed medical expenses	*	*	*
Contribution for child-care benefit	*	*	*
Contributions for other benefits	$623.33	$520.00	$800.00
Contribution for continuing education	$739.89	$100.00	$1,500.00
Number of days offered for continuing education	5.5	2.0	14.0

*None provided

It also seems that practices keep fewer tabs on the hours and productivity of these associates. We recommend that all doctors be monitored weekly; you'll be able to better determine efficiency levels, and any problems a doctor may be having. As in any office, some employees are tempted to "hang out," making it difficult to accurately determine hours spent *vs.* compensation earned. More accurate numbers provide a benchmark by which to judge how the rest of the staff could be used more effectively.

For 5- to 6-year associates, average pay as a percentage of individual gross income is 19.88 percent, with a range of 9.3 to 30 percent. This finding approximates the 20 percent normally associated with compensation arrangements for experienced doctors. You'll note that the maximum percentage is lower than that for doctors at the 3- to 4-year level. Why? Perhaps because the more-experienced doctors are generally in larger, more-sophisticated practices. The younger doctors may be in practices with a lower gross income; their percentage must therefore be higher to meet a living wage.

We found few surprises in the average pay per year—about $42,680. Keep in mind that this number does not include profit sharing, a benefit received by *some* of the doctors. Those practices without profit-sharing plans usually can afford to pay a higher percentage of compensation. From the average of $42,680, we project that the average gross generated per doctor in this classification is $213,400.

Compensation typically ranges from 18 to 24 percent, with most doctors falling between 20 and 22 percent. The final numbers are contingent upon the fringe benefits offered and the experience of the doctor. Some of you would like to see one empirical formula for compensation; simplicity, however, breeds inaccuracy. You must evaluate *your* practice situation, and negotiate a fair compensation arrangement; keep in mind, however, that benefits must be nondiscriminatory and applicable—that is, not a disguised form of compensation.

The range of annual pay spans from part-time work at $21,000, to full-time work at $71,724. As in the other levels, the critical factor is the number of hours worked to generate these income levels. One 5- to 6-year doctor, for example, shows 4,056 hours—or 81 hours per week in a 50-week year. These numbers are extraordinarily high, and may cause significant discontent—even health problems. Dollars are not worth risking health, home, and happiness.

Nevertheless, doctors in the 5- to 6-year range may be willing to work above-normal hours in order to generate an income to meet their family obligations. At this experience level, the pressures of supporting a family begin to exert themselves on many doctors. Although this work ethic is admirable, it can be devastating if not controlled.

Some of you would like one formula for compensation; simplicity, however, breeds inaccuracy.

Through this survey, we'll continue to monitor hours to determine if the situation is becoming more acute. It's interesting to note, however, that although 3- to 4-year doctors actually work an average of 200 hours more than the 5- to 6-year doctors, the more-experienced doctors take the prize at the extremes. Only practice owners, who hit 4,160 hours as a maximum, work more.

Note: Practice owners also work the highest average number of hours as well—2,521 per year. This statistic is interesting to consider when a practitioner begins to talk partnership with an associate. It usually comes as a surprise to the associate that the owner works about 200 to 300 hours more a year than he or she does; at the 2,300-hour level, most associates think they work as much as their employers. There are, of course, exceptions.

The average number of 5- to 6-year doctors per practice: 1.16, compared to 1.2 at the 3- to 4-year level, and 1.23 at the 1- to 2-year level. On average, the highest number of owners per practice is 1.36. For the health of a practice, we like to see 1.5 associates for every owner, with each associate generating income beyond what the owner could perform singly. In exchange, the associate receives compensation and education in medical, surgical, and practice management skills. When an associate can no longer gain benefit from the employer's knowledge, he or she normally assesses the wisdom of continued association. In some cases, the associates are tied by "golden handcuffs"—they earn less than an owner but more than they would in another practice. This dilemma only gets worse with time.

Veterinarians in the 5- to 6-year category enjoy the largest number of vacation hours: about 100 per year. Of course, it follows logically that experience demands greater time to sit back, relax, and recharge the batteries. Yet the minimum and maximum vacation hours for these doctors is lower than those offered 3- to 4-year doctors—24 and 160, compared to 40 and 168.

No surprises in the number of holidays: Doctors at the 5- to 6-year level receive 40.5 hours per year, with a range of 16 to 81 hours. The maximum indicates that some practices provide holidays above and beyond those we typically see. It also may be that the respondent who listed "81" misunderstood the question and combined holiday and vacation time. Whenever possible, we tried to interpret and delineate these assumptions, but it is difficult to read people's minds!

The average number of sick hours offered at the 5- to 6-year level: 55.5, compared to 57.5 at the owner level, 53 at the 3- to 4-year level, and 47 at the 1- to 2-year level. However, the maximum number of sick days drops considerably to 100 hours; in all other categories of professional staffing, the number is at least 200.

Fringe benefits actually dropped, on average, compared to those offered 3- to 4-year doctors. Contributions for profit-sharing plans are $2,836, *vs.* $3,378 for the less-experienced doctors. As a doctor's experience increases, he or she is less likely to be in a practice with high pension and profit-sharing contributions.

Our theory is that the vesting schedules in most plans discourage practice owners from contributing to programs in which a greater portion of contribution is vested sooner. Obviously, at the 1- to 2- year level, the vesting is far less than at the 5- to 6-year level. It then follows that contributions, as a percentage, are dropping. The maximum contribution at the 5- to 6- year level—$5,800—supports this theory, because it is significantly lower than the maximums at the other two levels.

In health insurance, the average cost is $2,069, *vs.* $1,402 at the 3- to 4-year level, and $1,197 at the 1- to 2- year level. Again, as practitioners become more seasoned, their personal financial responsibilities increase, as does the need for family health insurance.

The 5.5 days of continuing education reflect these doctors' desire to invest in their futures.

The 5- to 6-year associates have no unreimbursed medical-expense plans—a curious finding given that the doctors in the other categories may take advantage of this benefit. Such plans are more likely to exist in smaller practices with less-experienced doctors.

Other fringe benefits average $623, down from the averages in all other categories. This finding probably indicates less misinterpretation of what benefits include. Spending for CE, at $740 per year, is consistent with our experience, and shows an increase over the 1- to 2-, and 3- to 4- year levels. It appears, however, that practices that make a commitment to CE make no distinction between levels of service. We will continue to monitor these trends, based on our belief that less-experienced doctors need less medical CE, while more-experienced doctors need to maintain and hone in on technological changes.

The average number of days offered for CE: 5.5, with a range from 2 to 14 days. Please note that this statistic can be misleading, because most practices that pay on a percentage of gross don't pay for CE days. As a result, it's not uncommon for associates to want to forego CE. Therefore, the 5.5 days reported here reflect these doctors' desire to invest in their futures even when there may be an economic detriment.

7- to 8-year associates

We sampled the 7- to 8-year associate category, but the number of respondents was so low that we can't provide reliable information. Perhaps this year's survey (see page 51) will provide a stronger showing in this category, and thus a basis for discussion.

A final comment, which I've included in each report: Please understand that your ability to pay salaries—and to pay yourself—is contingent strictly on your ability to generate income. If you find these salary payments unacceptable or below the standard you hope to pay, consider raising your fees. The pool of dollars within your practice is limited, but if you receive a just fee for services rendered, you then can pay a just fee to your most valuable asset—yourself and your employees. ▶

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Don't miss your vacation: Get relief!

Plastic money: Is the pain worth the privilege?

Put your partnership agreement in writing

JUNE 1992

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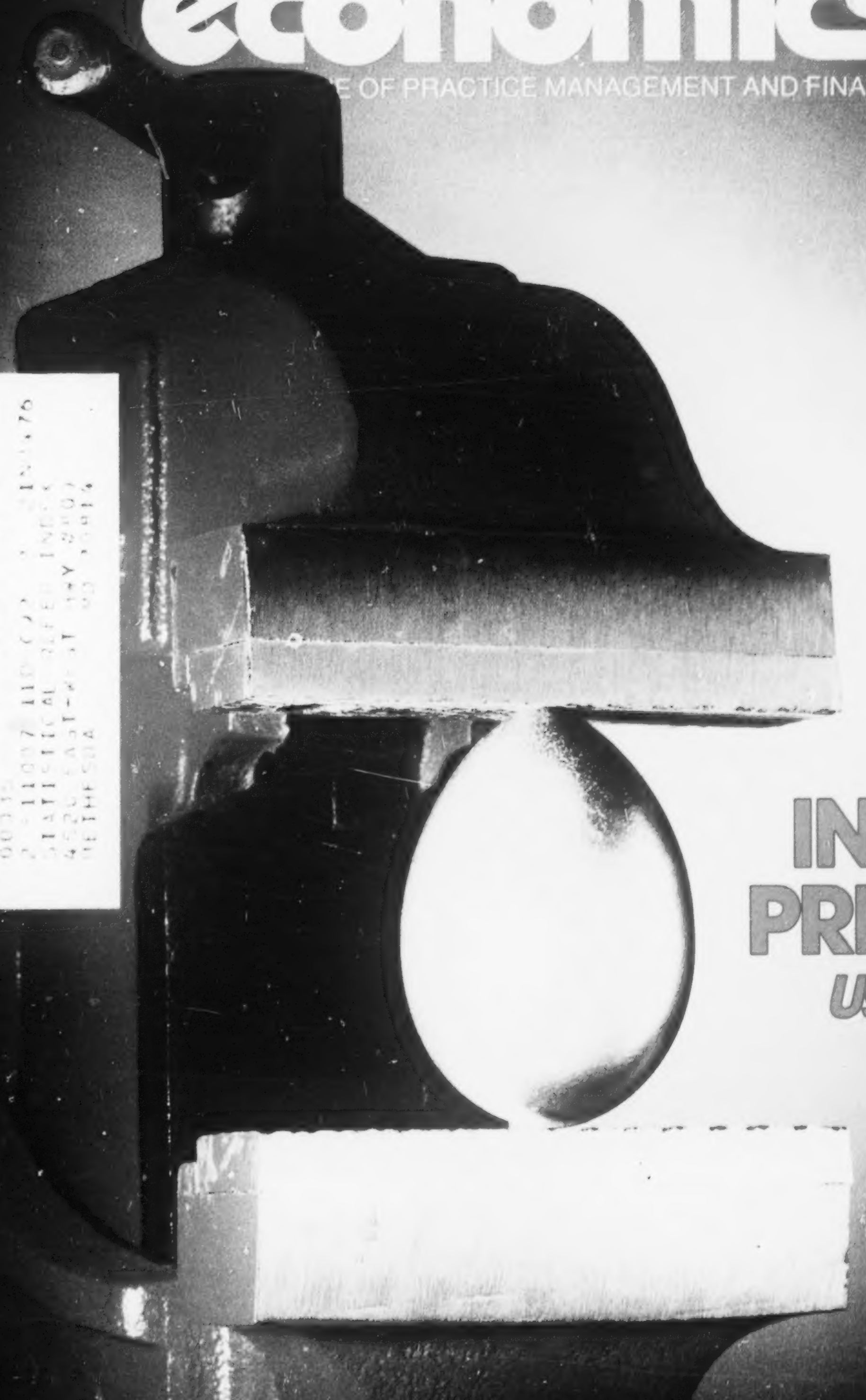
E OF PRACTICE MANAGEMENT AND FINANCE



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Use it wisely.

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Compact clinic excels in design competition

Reflecting a strong commitment to his community and heritage, Dr. Raymond Loretto, of San Ysidro, N.M., built his 1,800-square-foot facility with an eye for Native American details, efficient design, and client convenience.

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Put your partnership agreement in writing

Gone are the days of handshake arrangements. If you want to work as partners today, you'll need a written contract that carefully maps the business relationship—from beginning to end. Here are the terms to consider, plus a model agreement to help you get started.

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MEMO FROM THE EDITOR

Get thee to a convention!

As I listened to the management presentations at AAHA's conference in New Orleans, I began to wish that I could bring all 39,000-plus of you into the room—or bottle the presentations for distribution far and wide. They were that good, and that invigorating. But the fact is, I *can't* bottle them in print. As the refrain goes, "you really had to be there." I can, however, encourage you to make the time for at least one management program every year.

As a magazine editor, I hate to admit it, but the sights, sounds, and interaction at a "live" presentation do pump up the adrenaline and shake loose the cobwebs. Of course, there is the danger that you'll wander into a snoozer and wish you hadn't taken my advice, but in all of the practice management seminars I've attended, I've rarely encountered such a thing. For a relatively small profession, you have access to some great speakers, whose presentations both inspire and educate.

Despite my travels, and the excellence of many of the seminars I've attended, I think the best management program takes place at the Central Veterinary Conference (CVC) in Kansas City. Yes, I'm biased, but with good reason. The CVC features a golden lineup of VETERINARY ECONOMICS' top contributors—Ross Clark, Owen McCafferty, Marty Becker, Don Dooley, James Wilson, Cynthia Wutchiett, and Ray Russell. Their energy and commitment to professional practice management is infectious, and their willingness to address the topics that cause you the most grief is unmatched.

Good seminars—sponsored by organizations you trust—can boost your energy level, help you solve some of the nagging problems you face, introduce you to new ideas, and put you in contact with colleagues who are as ready as you are to bring their practices to a new level of success. I'd say don't miss any opportunity for such a seminar—just make sure one of them is the CVC. This year's conference takes place September 26-30, and you'll find more information on page 72.

See you in Kansas City!

Becky Turner

Rebecca R. Turner

veterinary economics

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to politely explain that, "Dr. Goodvet is covering our emergencies in the doctor's absence. Would you like me to help you to set up an appointment with his office?"

Also ask your receptionist to keep track of every client referred to your colleague. When you return from your trip, call Dr. Goodvet, and ask about each case; then call each client to follow up. Your genuine concern will alleviate any doubts your clients may have had about your unavailability.

Anchors aweigh

The only step left is to pack your bags, lock the house, and have a safe and relaxing trip. Don't worry about a thing, because you've covered all of your bases, and your well-organized, well-managed practice is in very good hands. (For more on starting or building a relief practice, see "The Business of Being a Relief Veterinarian," in the December 1990 issue.) ■

WHAT PRICE RELIEF?

How much do practitioners pay relief doctors? Below are the results of a survey conducted by Owen McCafferty, CPA, and VETERINARY ECONOMICS. (For more on the survey, see the January issue.)

Most of the respondents pay their relief doctors as independent contractors, so the pay shown here does not include payroll taxes. McCafferty notes, however, that the minimum figure appears to reflect payments for doctors with employee status; payments at the high end are for true independent contractors with substantial experience.

AVERAGE STATISTICS FOR RELIEF DOCTORS

	Average	Minimum	Maximum
Pay per hour	$21.35	$14.00	$27.00
Pay as % of practice gross	3.99%	0.48%	7.5%
Pay per year	$10,787.22	$600.00	$19,656.00
Number of hours worked per year	420.8	24.0	728.0
Number of relief doctors per practice	0.95	0.25	1.0

The survey respondents say that, on average, relief-doctor pay accounts for 3.99 percent of gross practice income, which reflects McCafferty's own findings in his clients' veterinary practices. He notes that most of the doctors who engage relief veterinarians are in one- or two-person practices, and that as the practice grows, the probability of employing relief veterinarians diminishes.

In some situations, McCafferty notes, the owner chooses to close the practice rather than hire a relief doctor. Therefore, relief pay, as a percentage of gross, fell as low as 0.48 percent for some respondents. In those practices willing to pay a premium in order to provide coverage, relief payments rose as high as 7.5 percent of gross practice income.

Based on the survey findings, McCafferty notes that practitioners today appear to be more cautious in hiring associates, opting instead to use experienced relief doctors to help with the workload until the practice can commit to a full-time employee. The findings also indicate that the need for experienced relief doctors spans well beyond coverage for vacation or sick days. A relief doctor who provides experience to a practice can, in many cases, maintain a higher income than he or she can as an employed doctor.

McCafferty's conclusion: that the classification "relief doctor" is a viable and continually growing segment of practice. Through his annual surveys, McCafferty will continue to monitor the changes in relief practice; look for his reports early next year.

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Equal pay for women: An issue for *all* DVMs

Increase your profits by tracking productivity

Should you spring for in-house diagnostics?

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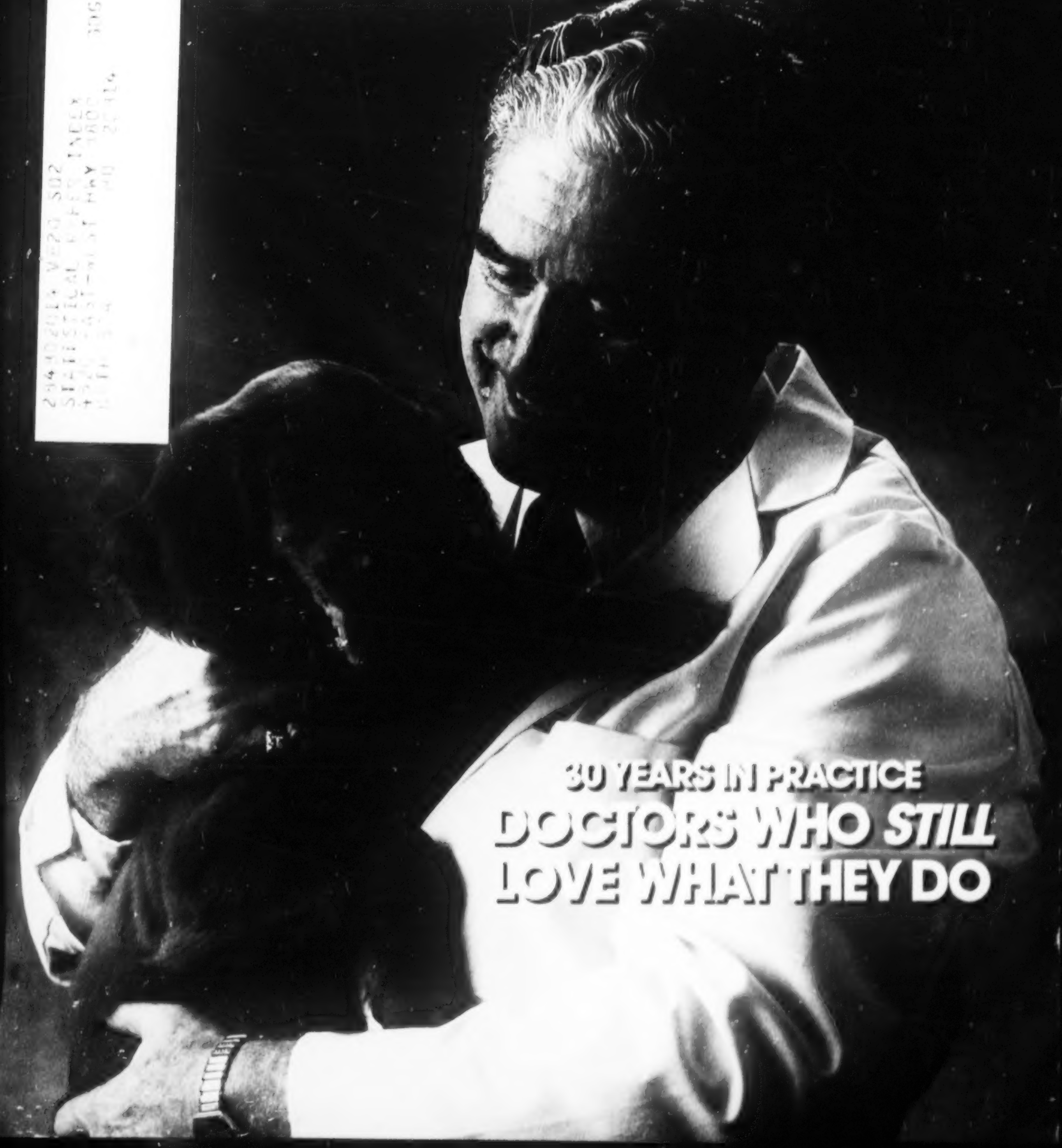

30 YEARS IN PRACTICE

DOCTORS WHO *STILL* LOVE WHAT THEY DO

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Equal pay for women: An issue for *all* DVMs

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MEMO FROM THE EDITOR

The glass is half *full*

Last month, the cover of SELF magazine announced: "Be An Optimist In Two Weeks." The pessimist in me said, "Yeah, right," but the optimist said to buy the magazine anyway. I discovered inside some interesting research on the power of hope and optimism, and I decided that *our* cover title could very well have said the same thing.

The SELF article states that optimists tend to maintain their youthful vigor longer—and there's no denying that the doctors interviewed in this issue are optimists. As the saying goes, they consider the glass half full rather than half empty, and their positive attitude keeps them pumped up about veterinary medicine at a time when being a pessimist might be an easier and more acceptable route to take.

Lest you consider these doctors products of the so-called "good old days," keep in mind that attitude is ageless—and that a change in yours can make a difference no matter how old you are, or how bad the economy or the competition is at any given time. Research shows that the optimistic life is a healthier one, as pessimists are sooner to come down with heart disease, high blood pressure, or cancer. In other words, the sooner you start to see the bright side of things, the better.

Psychologist Martin Seligman says: "The pessimist believes that bad things are permanent, pervasive, and unchangeable. The optimist, by contrast, believes that bad things are temporary, specific, and changeable." And in his article on negativity (page 46), Don Dooley points out that the heat is on to *be* a pessimist—but that doesn't mean you have to succumb to it. You can *choose* hope over despair, and in doing so, you'll help yourself and your practice.

Czechoslovakian playwright, president, and Nobel Laureate Vaclav Havel says that, "Hope is an orientation of the spirit, an orientation of the heart. It is . . . the certainty that something makes sense, regardless of how it turns out."

I hope you believe it.

Becky Turner

Rebecca R. Turner

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A LOOK AT RECESSIONARY BLUES AND BUCKS

Thanks to the recession, "stress is running like fire through the American work place," says Peggy Lawless, project director for a recent survey of 1,299 employees. The survey, conducted by Northwestern National Life Insurance, shows that 46 percent are worried about their jobs and feel pressured to prove their worth because of the country's economic slump.

About 65 percent say they suffer from exhaustion, insomnia, and other ailments. When asked about burnout, 36 percent of women and 28 percent of men say they are candidates. Those especially at risk? Low-income employees and single women with children.

A survey of 1,200 employers, conducted by Hewitt Associates in Lincolnshire, Ill., indicates that the squeeze on employees is likely to worsen: 5 percent of the employers plan no pay increase for salaried employees, and 3 percent will freeze hourly employees' wages. Others plan to give smaller raises than earlier projected.

TOP-FLIGHT CLIENT SERVICE—JAPANESE STYLE

In Japan, the value of customer service isn't just preached by company executives, it's pushed in comic books as well—and the public is hooked on them. Called *monga* in Japanese, the books are actually picture stories with words—WASHINGTON POST reporter T.R. Reed compares them to seri[illegible]

Speaking on National Publi[illegible] the business stories are especially compelling, because [illegible] is not to get rich or to be promoted, but to serve th[illegible]

In the book "Hotel," [illegible] plains to the front-desk clerk of a large hotel tha[illegible] t desk, and claims that the hotel has lost it. Alt[illegible] dn't lose the envelope, he apologizes profuse[illegible] places he frequented during the day before h[illegible]

During the night, the h[illegible] r the envelope, and find it in the bathroom of a bu[illegible] siness meeting.

The next day, it dawns o[illegible] nvelope across town—and that it's lost forever. Unable [illegible] erk, however, he again complains about the hotel's "mistak[illegible] apologizes, then hands over the envelope, saying, "You were right, [illegible] pe fell off the front desk. It was completely my fault."

The final scene shows the other hotel employees congratulating the clerk on his handling of the situation. It appears that even in Japanese fiction, the customer is king.

—By William Padgett, Editorial Intern

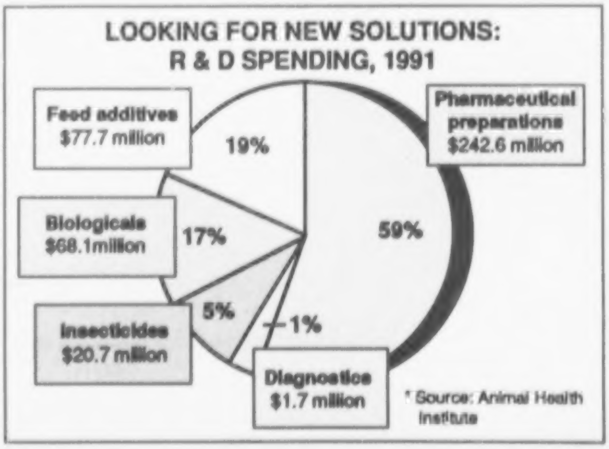
ANIMAL PRODUCT SALES SHOW HEALTHY GROWTH

Despite the recession, total U.S. sales of animal health products jumped approximately 12 percent in 1991, according to a report from the Animal Health Institute (AHI). In 1991, sales rang in at more than $2.2 billion, compared to $2.0 billion in 1990.

Sales data from the AHI also shows that:

- Feed additive sales shot up approximately 13 percent in 1991, with projected sales of more than $595 million. Sales in the antibacterials subcategory notched a 13-percent increase, and rose 11 percent in the "all other" subcategory.
- Pharmaceutical sales gained almost 11 percent in 1991, with projected sales of nearly $1.3 billion. In the antimicrobials subcategory, sales increased approximately 7 percent; in the "all other" subcategory, sales were projected to grow 12 percent.
- Biological sales posted a healthy 12-percent gain in 1991, with projected sales at nearly $347 million. The subcategories showed the following increases: 16 percent for livestock, 4 percent for poultry, 7 percent for small animals, 9 percent for equine, and 21 percent for rabies.

As you'll see in the chart below, research and development is on the rise as well, with AHI member firms reporting that they spent more than $400 million on potential new products in 1991—a 5-percent increase over 1990. Of this total, 87 percent was spent on innovative research (funds spent in the search for new products) and 13 percent on defensive research (work done to defend the continued use of approved products). ■



LOOKING FOR NEW SOLUTIONS: R & D SPENDING, 1991

* Source: Animal Health Institute

Associate pay: 25 percent may be *wrong*

Selling your practice? Avoid these traps

DON'T MISS THE CENTRAL VETERINARY CONFERENCE SEE PAGE 101

SEPTEMBER 1992

veterinary economics

THE MAGAZINE OF PRACTICE MANAGEMENT AND FINANCE

ANNUAL EARNINGS REPORT

Where you are now. How to get where you want to be.

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MEMO FROM THE EDITOR

Who says you're average?

The average veterinarian is a solo practitioner who's been in practice 14.1 years. He (yes, he) counts 3,399 active clients in his practice, and he sees 74 of these pet owners each week. Dr. Average works 52.5 hours a week and takes home $59,600 a year. Most of his practice revenue comes from doctor-related services, but dispensed medications, over-the-counter products, pet foods, boarding, and grooming account for about 35 percent of the total.

I can be very specific about Dr. Average, because the facts and figures about him are sitting in a stack of computer print-outs on my desk. There's a great deal more about him in this issue, but before you give in to the desire to compare yourself to Dr. Average, keep in mind that although our annual financial survey paints a good picture of him, we've never met him in person. I suppose there may be those of you who meet his *exact* description, but more likely you'll differ—in age, in income, in gender, in hours, in *something*.

The point is, before you get upset because you're not doing as well as Dr. Average is—or elated because you're doing better—you've got to look beyond the numbers to your own situation. You've got to factor in your practice philosophy, your practice mission, and your personal goals. It's also a good idea to look at external factors. For example, Dr. Ross Clark, our practice management editor, recommends that in tandem with examining the survey findings, you take a close look at your city or area's consumer price index. A final tip: Read the articles that follow the earnings charts. Each is designed to help you reach *your* goals, no matter how you compare to Dr. Average.

Now, go ahead and let your curiosity run loose. Just remember to keep your analysis in check. The fun begins on page 31.

Becky Turner

Rebecca R. Turner

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ANNUAL EARNINGS REPORT

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Boost your earnings through goal planning 46

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COVER STORY
PART ONE

GROWTH RATE SLOWS, BUT EARNINGS INCH UPWARD

Veterinary income pushed forward in 1991, with large animal doctors reporting the greatest gains in personal compensation. Here's a detailed look at who made what last year.

Every year, we're as anxious as expectant parents as we await the results of our annual financial survey, which gathers nationwide data on veterinary earnings, fees, and expenses. The earnings statistics you're about to read are based on financial information provided by more than 1,000 of your colleagues from every region of the country, and they paint a picture of slow but steady growth for most practitioners in personal compensation, personal gross revenue, and gross practice revenue.

As you'll see, 1991 take-home pay rose 5.1 percent above 1990 figures, keeping the profession two percentage points ahead of last year's 3.1-percent inflation rate. (In 1990, veterinary compensation jumped 9.2 percent in the face of 6.1-percent inflation.) Large animal veterinarians made the greatest strides, and were, in fact, the only group to surpass the percentage gains made the previous year. (See the chart opposite.)

Other notable findings: Small animal doctors made the biggest gains in personal *gross* revenue and total *practice* revenue, while equine doctors took home the most in actual dollars. (See page 34 and page 44.) Veterinarians in New England reported the only *fall* in individual earnings, with individual gross revenues slipping 8.6 percent from 1990. (See page 35.)

This year's survey contains one major addition: statistical data on the primary sources of *practice* revenue. For example, the survey results show that in mixed animal practices, 60.6 percent of the practices' 1991 gross revenue came from doctor-related services, 21 percent from dispensed medications, and 7.5 percent from over-the-counter sales, excluding pet food. For a detailed breakdown on each practice type, see page 45.

If you'd like to see the earnings percentiles that you *and* your practice fall into, see pages 38 and 44. And as you study the rest of the figures, keep in mind that they are *averages*, and that the survey findings are meant to be a barometer of the veterinary profession—not a commentary on your particular practice situation.

The source

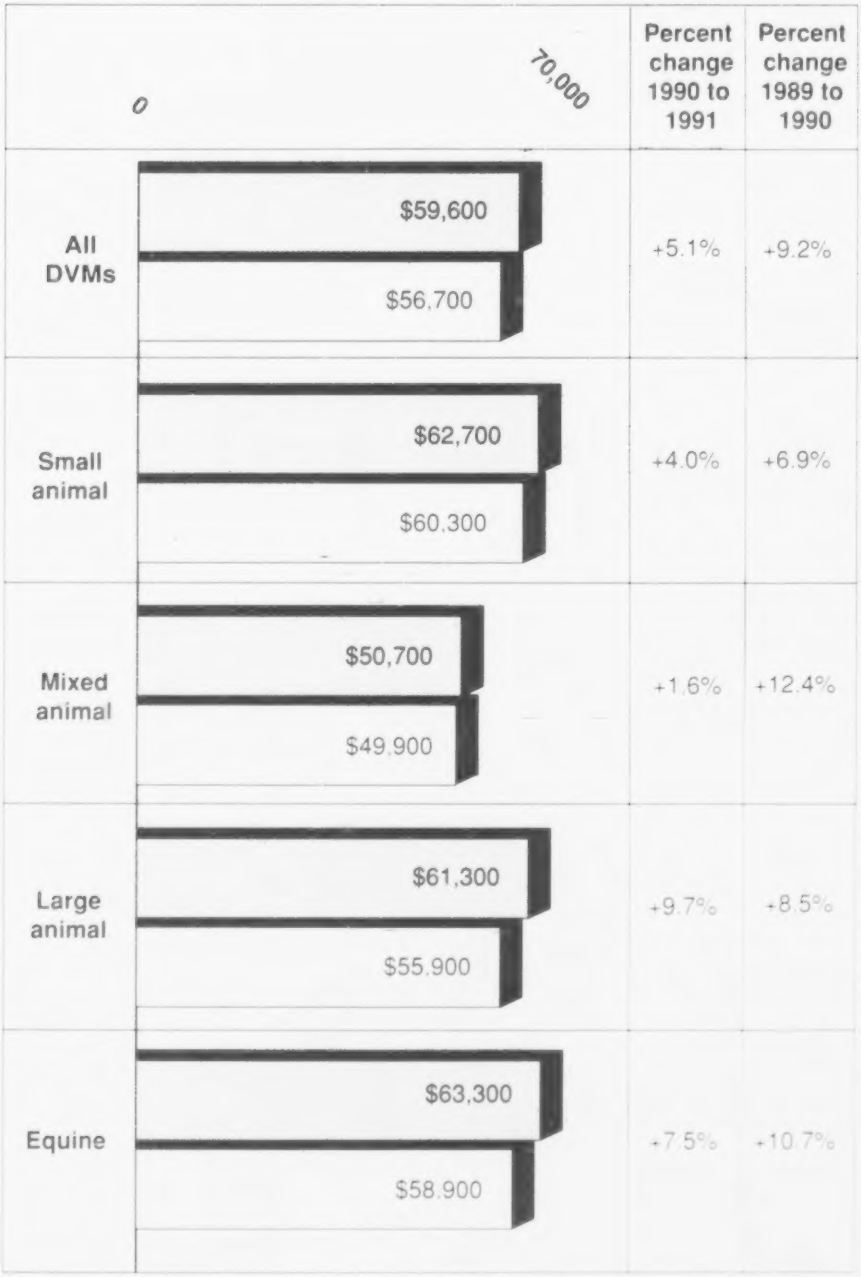
VETERINARY ECONOMICS' financial survey is conducted by Signet Research Inc., an independent New Jersey company touted as "a shining leader in the marketing research business." To conduct the survey, Signet used VETERINARY ECONOMICS' subscriber lists to mail 2,500 questionnaires to an nth-name selection of veterinarians of every practice type, and in every region of the country.

From a net effective mailing to 2,362 practitioners, Signet received 1,100 responses, for a 47-percent response rate. The VETERINARY ECONOMICS survey conforms to generally accepted standards of professional research practice for mail surveys, and the results are accurate within ±3 percent at a 95-percent confidence level.

After studying the charts in this report, you'll know where you and your practice stand. The next step is to read the other articles in the cover package, each of which is designed to help you reach a *higher* level of revenue in the future. And as you contemplate your own compensation and that of your practice, also take a look at Dr. Ross Clark's article on paying associates (page 64).

Next month, we'll take a look at veterinary fees; in November, we'll report on expenses. And now, we'd like to thank all who responded to the survey. You make this nationwide report possible. ▶

PERSONAL COMPENSATION ON THE RISE



Q What do you mean by "personal compensation"?

A The veterinarians who answered this year's survey were asked to provide their personal 1991 compensation from the practice, before taxes were withheld and excluding any profits reinvested in the practice.

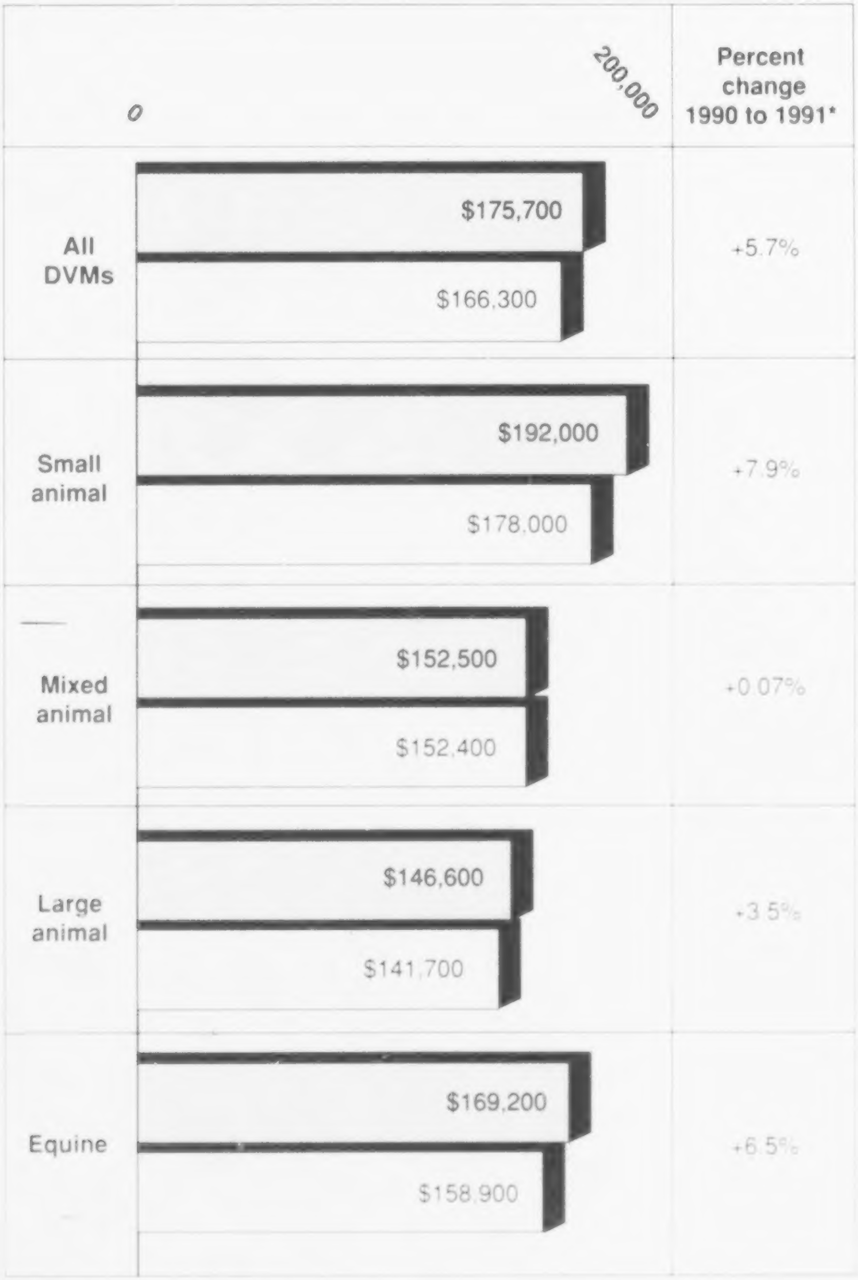
All figures are 1991 means (averages).
Base: full-time practicing veterinarians.
Note: In 1991, the inflation rate was 3.1 percent; in 1990, it was 6.1 percent.

▶

DOCTORS SEE GAINS IN PERSONAL GROSS REVENUE

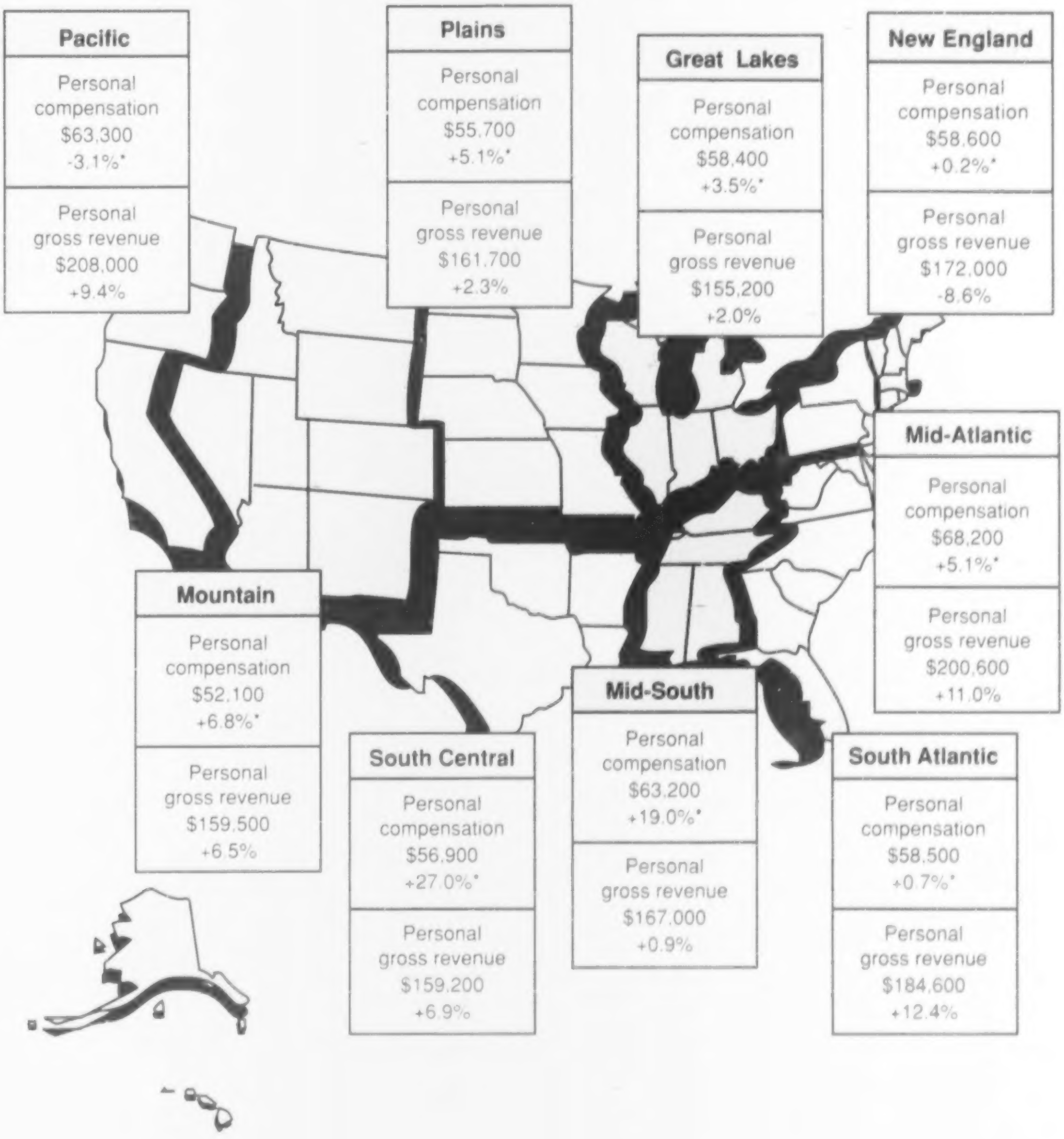
Q *What does "personal gross revenue" mean in the context of this survey?*

A Personal gross revenue figures represent gross revenue produced for the practice by individual, full-time practitioners.



*Percent change 1989 to 1990 not available.
All figures are 1991 means (averages).
Base: full-time practicing veterinarians.

A REGIONAL LOOK AT COMPENSATION AND REVENUE



Pacific
Personal compensation
$63,300
-3.1%*
Personal gross revenue
$208,000
+9.4%

Plains
Personal compensation
$55,700
+5.1%*
Personal gross revenue
$161,700
+2.3%

Great Lakes
Personal compensation
$58,400
+3.5%*
Personal gross revenue
$155,200
+2.0%

New England
Personal compensation
$58,600
+0.2%*
Personal gross revenue
$172,000
-8.6%

Mid-Atlantic
Personal compensation
$68,200
+5.1%*
Personal gross revenue
$200,600
+11.0%

Mountain
Personal compensation
$52,100
+6.8%*
Personal gross revenue
$159,500
+6.5%

South Central
Personal compensation
$56,900
+27.0%*
Personal gross revenue
$159,200
+6.9%

Mid-South
Personal compensation
$63,200
+19.0%*
Personal gross revenue
$167,000
+0.9%

South Atlantic
Personal compensation
$58,500
+0.7%*
Personal gross revenue
$184,600
+12.4%

*Percent change, 1990 to 1991

All figures are 1991 means (averages).
Base: full-time practicing veterinarians.
Compensation figures represent the take-home pay of full-time practitioners, before personal taxes are withheld and excluding profits reinvested in the practice.
Personal gross revenue figures represent gross revenue produced for the practice by individual, full-time practitioners.

WHERE DO YOU STAND IN COMPENSATION?

Small animal

Personal compensation	Percent of DVMs
$125,000 or more	6.5%
$100,000-$124,999	10.6%
$80,000-$99,999	6.0%
$70,000-$99,999	9.1%
$60,000-$69,999	10.7%
$50,000-$59,999	8.5%
$40,000-$49,999	14.8%
$30,000-$39,999	17.2%
$20,000-$29,999	9.6%
$15,000-$19,999	2.6%
Less than $15,000	4.4%

Mixed animal

Personal compensation	Percent of DVMs
$125,000 or more	1.7%
$100,000-$124,999	2.8%
$80,000-$99,999	10.4%
$70,000-$79,999	7.5%
$60,000-$69,999	6.8%
$50,000-$59,999	11.6%
$40,000-$49,999	16.0%
$30,000-$39,999	20.5%
$20,000-$29,999	14.2%
$15,000-$19,999	2.5%
Less than $15,000	6.0%

Large animal

Personal compensation	Percent of DVMs
$125,000 or more	8.3%
$100,000-$124,999	6.0%
$80,000-$99,999	7.6%
$70,000-$79,999	9.8%
$60,000-$69,999	9.6%
$50,000-$59,999	8.7%
$40,000-$49,999	13.3%
$30,000-$39,999	15.9%
$20,000-$29,999	9.7%
$15,000-$19,999	5.1%
Less than $15,000	6.1%

Equine

Personal compensation	Percent of DVMs
$125,000 or more	12.4%
$100,000-$124,999	4.9%
$80,000-$99,999	5.6%
$70,000-$79,999	3.7%
$60,000-$69,999	11.0%
$50,000-$59,999	12.0%
$40,000-$49,999	9.3%
$30,000-$39,999	21.0%
$20,000-$29,999	8.9%
$15,000-$19,999	4.8%
Less than $15,000	6.4%

All figures are 1991 means (averages)
Base: full-time practicing veterinarians
Compensation figures represent the take-home pay of full-time practitioners, before personal taxes are withheld and excluding profits reinvested in the practice

PARTNERS EARN THE MOST

Business status	Personal compensation	% change 1990 to 1991	Personal gross revenue	% change 1990 to 1991
Partner in multidoctor practice	$75,700	+5.9%	$180,200	+3.2%
Solo practitioner	$61,900	+2.0%	$178,200	+3.1%
Employee DVM (non-owner)	$38,100	+3.5%	$164,300	+14.1%

NEW DOCTORS MAKE BIG GAINS

Years in practice	Personal compensation	Percent change 1990 to 1991	Personal gross revenue	Percent change 1990 to 1991
Less than 2	$33,800	+8.3%	$136,500	+21.1%
3–5	$36,900	+3.4%	$162,000	+11.4%
6–10	$51,900	+5.1%	$170,100	+3.0%
11–20	$71,300	+6.4%	$194,700	+6.2%
21 or more	$72,500	+0.8%	$176,200	+1.7%

DO LONG HOURS PAY?

Hours in workweek	Personal compensation*	% change 1990 to 1991	Personal gross revenue*	% change 1990 to 1991
31–40	$53,100	−1.7%	$152,400	−6.0%
41–50	$54,400	+8.4%	$169,000	+16.9%
51–60	$64,900	+13.7%	$182,300	+6.4%
61–70	$57,200	−5.6%	$175,600	−8.6%
71 or more	$70,500	−5.1%	$207,600	+5.7%

*Figures do not consider business status
All figures are 1991 means (averages)
Base: full-time practicing veterinarians
Compensation figures represent the take-home pay of full-time practitioners, before personal taxes are withheld and excluding profits reinvested in the practice
Personal gross revenue figures represent gross revenue produced for the practice by individual, full-time practitioners

▶

ON AVERAGE . . .

	Male DVMs	Female DVMs	All DVMs	Small animal	Mixed animal	Large animal	Equine
Number of years in practice	16.0	7.0	14.1	13.5	14.5	16.4	14.1
Total client visits per week	75.8	69.4	74.0	80.0	72.5	51.7	66.0
Hours devoted to practice per week	53.3	49.6	52.5	49.3	57.1	57.4	59.1
Business status:							
Solo practitioner	56.9%	34.1%	51.8%	50.7%	50.3%	55.5%	65.9%
Partner	25.5	12.8	22.6	18.5	29.6	30.3	18.5
Employee	15.5	49.8	23.2	27.7	18.0	14.0	14.9
Other	2.0	3.3	2.4	3.0	2.1	0.2	0.6
Total number of partners in your practice	1.7	1.6	1.7	1.7	1.6	2.0	1.5
Total number of veterinarians in your practice	2.5	3.1	2.6	2.7	2.4	2.6	2.2
Personal gross revenue produced for the practice	$183,200	$146,700	$175,700	$192,000	$152,500	$146,600	$169,200
Personal compensation	$65,400	$39,300	$59,600	$62,700	$50,700	$61,300	$63,300

All figures are means (averages)
Base: full-time practicing veterinarians.
Compensation figures represent the take-home pay of full-time practitioners, before personal taxes are withheld and excluding profits reinvested in the practice
Personal gross revenue figures represent gross revenue produced for the practice by individual, full-time practitioners

Q *Why the $26,100 discrepancy between men's and women's personal compensation?*

A We've heard several explanations from both women and men veterinarians. Some say it's because, on average, women have not been in practice as long; others cite discrimination. For a full comparison of the data, we need one more piece of information, which is not available from this year's survey: a comparison of earnings statistics by gender *and* by year of graduation.

We plan to build this information into next year's survey; for now, we rely on you and your colleagues to share your experiences and impressions. To further the discussion and perhaps help close the gap, write: VETERINARY ECONOMICS, 9073 Lenexa Dr., Lenexa KS 66215. ▶

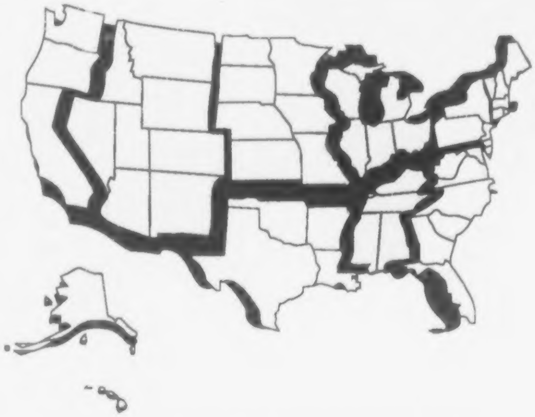
PRACTICE REVENUE SLIPS AND SLIDES

Practice type	Practice revenue	% change 1990 to 1991	% change 1989 to 1990	Veterinarians per practice
All DVMs	$444,000	+ 2.5%	+ 19.0%	2.6
Small animal	$483,900	+ 4.4%	+ 17.2%	2.7
Mixed animal	$378,700	− 1.4%	+ 20.3%	2.4
Large animal	$413,400	− 3.9%	+ 22.4%	2.6
Equine	$340,100	− 11.6%	+ 17.3%	2.2

WHERE DOES YOUR PRACTICE STAND IN THE RANKINGS?

Practice revenue	Percent of practitioners
$750,000 or more	13.6%
$500,000–$749,999	17.0%
$300,000–$499,999	18.9%
$250,000–$299,999	9.8%
$200,000–$249,999	10.8%
$180,000–$199,999	4.3%
$160,000–$179,999	2.8%
$150,000–$159,999	1.6%
$130,000–$149,999	2.5%
$110,000–$129,999	5.0%
$90,000–$109,999	3.7%
$70,000–$89,999	2.7%
$60,000–$69,999	1.7%
$50,000—$59,999	1.9%
Less than $50,000	3.6%

All figures are 1991 means (averages)
Base: full-time practicing veterinarians

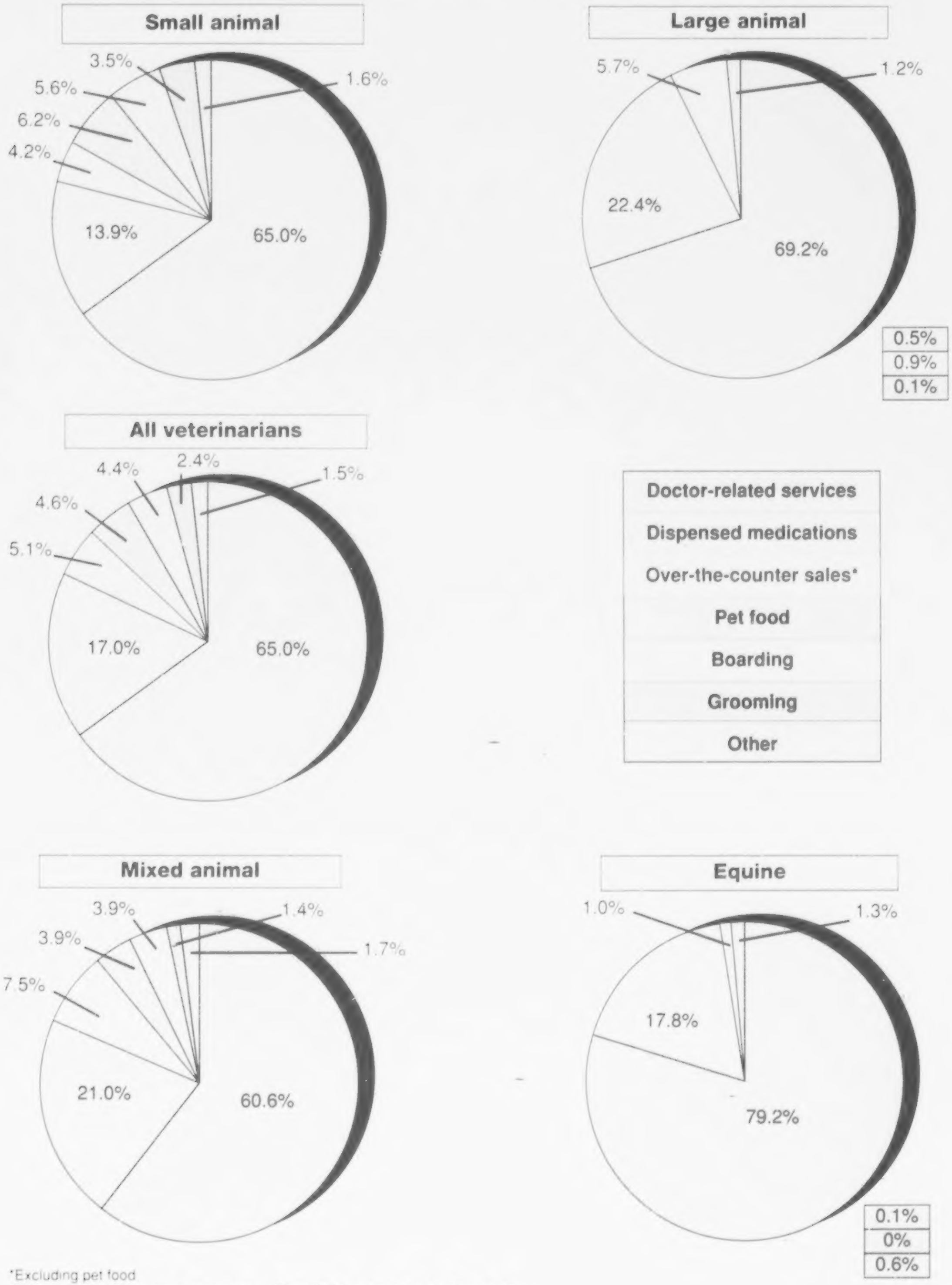


PRACTICE REVENUE VARIES BY REGION

New England	$503,700
Mid Atlantic	$476,200
South Atlantic	$458,500
Mid-South	$354,200
South Central	$349,500
Pacific	$510,000
Mountain	$368,200
Plains	$433,600
Great Lakes	$475,700

Practice revenue figures are based on the total gross revenue of each respondent's practice

HOW DOES YOUR PRACTICE GENERATE REVENUE?



*Excluding pet food.
All figures are 1991 means (averages). Base: full-time practicing veterinarians.

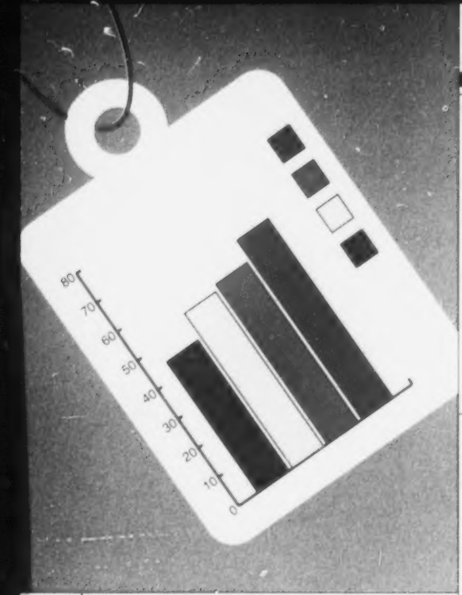
Gather your employees under OSHA's umbrella

Nutrition: Making the client connection

Take the annoyance out of exam-room delays

ANNUAL FEES REPORT

Plus, HOW TO SET YOUR FEES FOR *PROFIT*



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1992 ACT climbs 12.2 percent

After growing only 3.2 percent in 1991, the average charge per transaction (ACT) made significant strides this year—but not all veterinarians participated in the fee hikes. Here's a look at the rise and fall of a variety of charges, based on your colleagues' responses to our annual survey.

32 COVER STORY, PART 2

How to set your fees for *profit*

If you update old fee schedules by placing calls to other practices, you may not be getting a fair and profitable return for your practice. Here's a systematic plan for setting fees that make sense for *you*.

40 HOSPITAL DESIGN

Determination makes the difference in design project

Dr. Gary Burge flirted with fate when he set out to build a large veterinary center in a depressed Denver economy. But his "dare-to-dream" approach helped turn the odds in his favor and led to the creation of the award-winning Elmfield Veterinary Center & Pet Lodge.

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Nutrition: Making the client connection

Americans are embracing nutrition for their pets—and these doctors are embracing right back. They've found that their commitment to nutrition pays off in good medicine, client loyalty, and practice revenue.

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P.S.: Don't forget the client's emotions

Frustrated by how difficult it is to change the way some of your clients feed their pets? Dr. Jacob Antelyes says that before you give up or give in, you must understand the emotions that rule both owner and animal.

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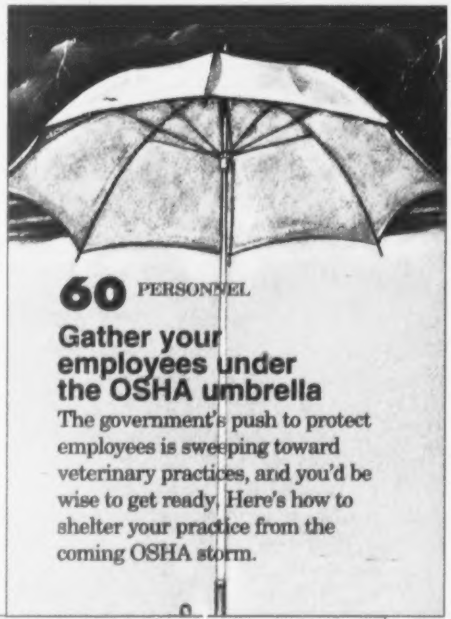
How to take the annoyance out of exam-room delays

Having to wait for you in the exam room can annoy even your nicest clients—and agitate their animals as well. To keep tempers from flaring, Dr. Marty Becker explains how to pamper and educate waiting clients, and thereby show them that their time in the exam room is well-spent.



60 PERSONNEL

Gather your employees under the OSHA umbrella

The government's push to protect employees is sweeping toward veterinary practices, and you'd be wise to get ready. Here's how to shelter your practice from the coming OSHA storm.

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MEMO FROM THE EDITOR

Kathy Turner? Or is that Becky Lumetta?

In early 1988, Kathy Lumetta and I were both fairly new to VETERINARY ECONOMICS. I'd come on board as the managing editor in November; she'd been the assistant editor since the previous summer. There was still some confusion around the office about which one of us was which; in fact, our matching dark hair led at least one person to think there was only one of us. "Now what's her name? Kathy Turner?"

By February or so, we knew our way around the magazine pretty well, and we were starting to get a feel for the audience. Merit awards, continuing surveys, mixed animal practitioners, and "Ah ha" weren't completely mysterious terms anymore, but it still took us somewhat by surprise when the editor left, and we found ourselves fully in charge. "Can you do it?" the publisher asked, and we said we could.

I remember the long hours we spent on the first issue we did—and the slight shock of realizing we had to do it again the next month, and the month after that. Eventually, we brought the staff back up to three people, but the momentum never wavered during the "lean" months—thanks in large part to Kathy's willingness and determination to fulfill our claim that we could, in fact, "do it."

We've been moving full steam ahead ever since, with Kathy making a quick ascent to associate editor and then managing editor. Along the way, she's become the hospital design editor, coordinating a competition and a conference that are now more successful than they've ever been. I don't even try to answer hospital-design questions—I just refer them to Kathy.

Unfortunately, however, I won't be able to do that anymore. After this issue, Kathy is on her way to a freelance career in a yet-to-be determined "exotic locale." She's ready for a change, she says, but the good news is that she's *not* ready to give up her ties to your profession. As a freelancer, she'll continue to write and edit articles, and keep her hand in hospital design.

We'll miss Kathy's hard work and creativity, and wish her all the best in the adventure that awaits her. For a while, Renée Anderson, the assistant editor, and I will be on our own. I don't anticipate any problems, though—as long as Kathy has phone service in her exotic new home.

Becky Turner

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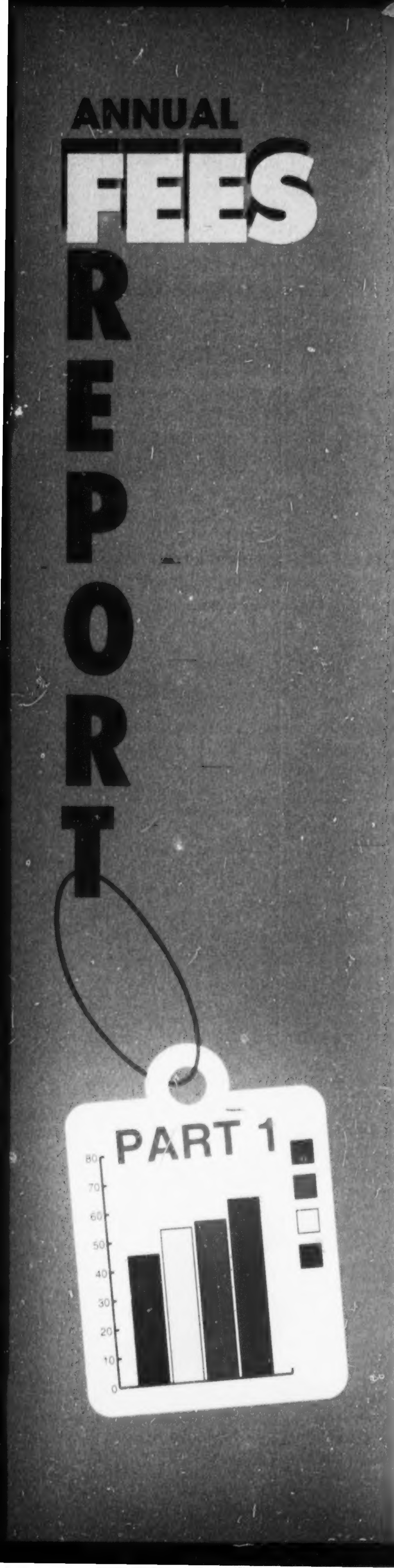


1992 ACT CLIMBS 12.2 PERCENT

After growing only 3.2 percent in 1991, the average charge per transaction (ACT) made significant strides this year—but not all veterinarians participated in the fee hikes. Here's a look at the rise and fall of a variety of veterinary charges.

Despite a few plummeting fees, this year's fee report paints a positive picture, with significant gains in ACTs for all but large animal doctors. To help satisfy your curiosity about who is charging what, you'll also find ACT figures by region, and average fees for a variety of services in all practice types.

Before you delve into the charts, a word of caution: The figures you'll find are nationwide averages, based on data provided by more than 1,000 full-time practitioners. The percentages are designed to help you pinpoint trends, and the numbers will allow you to compare your fees to those of your colleagues. The information isn't, however, meant to be a guide for setting *your* fees.

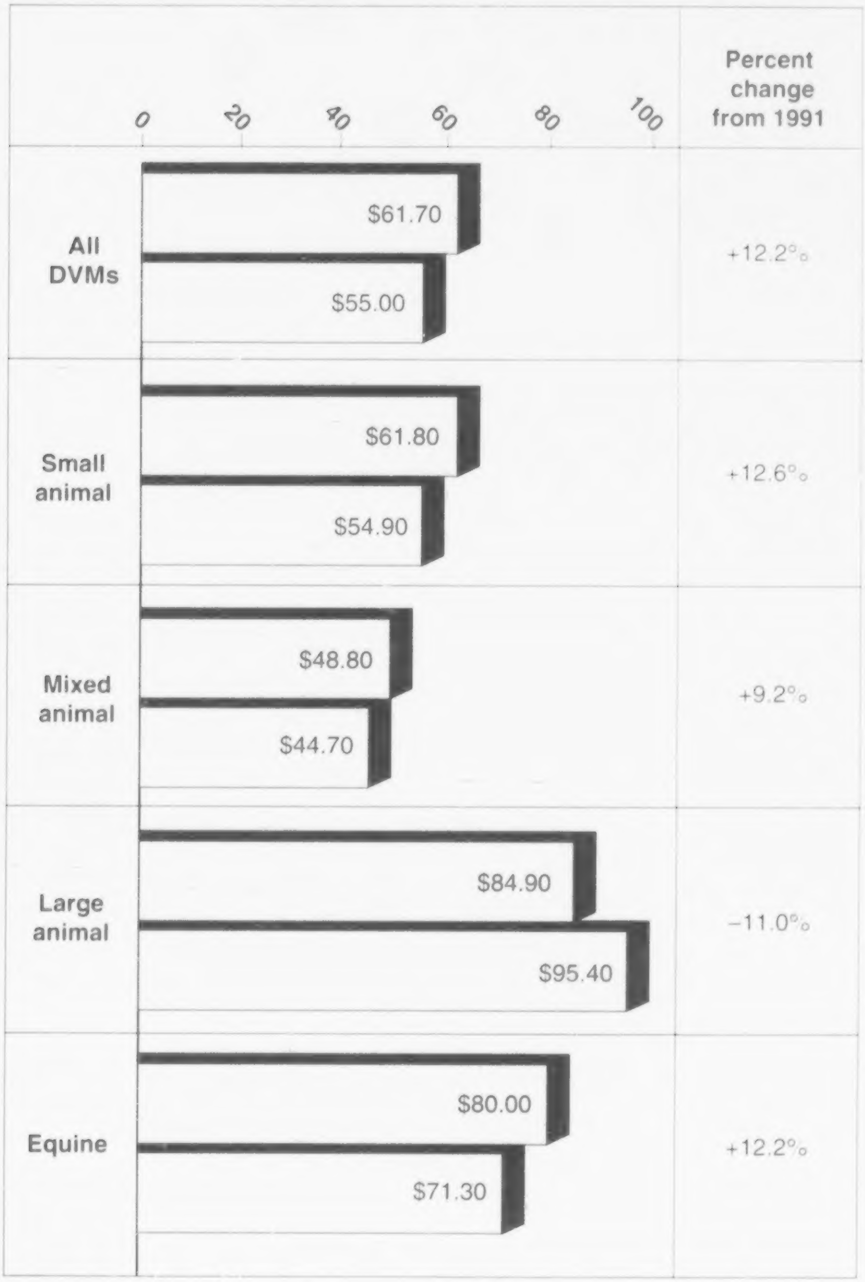
As Mark Opperman notes in his article on page 32, a common fee-setting technique is to phone the practice down the street. And although making such a call or studying survey findings can provide interesting information, Opperman offers a much more effective way to set fair and profitable fees for your practice.

As you make decisions about your fees, you might refer to the following articles as well:

- "Charging Higher Fees with Confidence," and "Phasing Out the ACT in Large Animal Practice," October 1991
- "Fees and the Quality Practice: How to Stand Out in the Crowd," October 1990
- "Setting Surgery Fees Based on Actual Cost," Parts 1-3, April, May, June 1990
- "How to Set Your Prices Profitably," and "Setting Fees with a Computerized Planning Model," November 1989
- "You Can Take These Fees to the Bank," June 1989
- "Overcoming Your Fear of Raising Fees," and "Put Your Fees in Proper Perspective," October 1988

If you can't find your back issues, reprints are available for $4 each, or the 11 articles listed above are available for $30. Write: VETERINARY ECONOMICS, 9073 Lenexa Dr., Lenexa, KS 66215. And for more information on this year's survey, see the September issue, page 32.

TOTAL ACT* UP 12.2 PERCENT



Q *How do you compute the average client transaction charge?*

A Practice Management Editor Dr. Ross Clark says the most common formula, the one that best allows for practice-to-practice comparisons, is to divide the total gross by the total number of transactions. "It's critical to include food sales, drugs, and other incidentals purchased outside an office call," he says. "Also, I think it's important to do the same computations separately for medical procedures and for retail transactions." (Turn the page for these ACTs.)

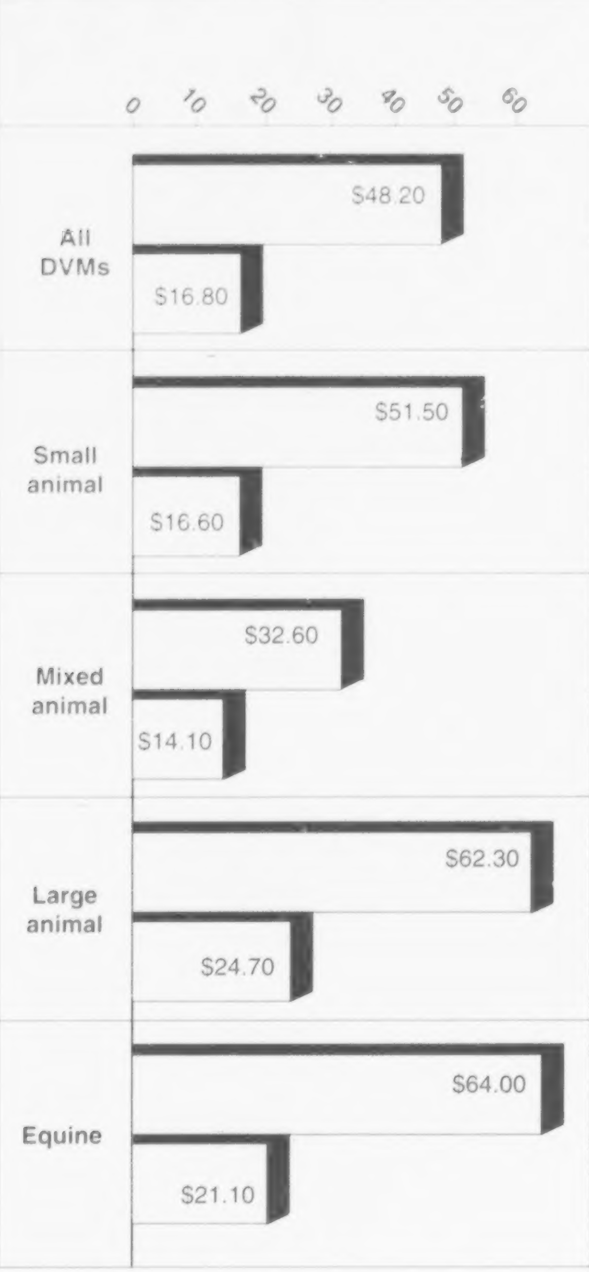
---

*Clinical procedures, drugs, and merchandised products. For separate figures for clinical procedures and drugs and for merchandised products, see page 22.
All figures are 1992 nationwide means (averages).
Base: full-time practicing veterinarians.
Note: In 1991, the inflation rate was 3.1 percent; in 1990, it was 6.1 percent.

PROCEDURES *VS.* PRODUCTS: A LOOK AT SHIFTING STRATEGIES

Q Why break the ACT into "procedures" & "products"?

A Based on your requests for a more detailed analysis of the average charge per transaction, we asked survey respondents to provide their ACT for clinical procedures and drugs, their ACT for merchandised products, and their total ACT. As you can see, the yearly fluctuations in both categories are significant. For example, the procedures ACT for large animal doctors rose 40.8 percent from 1990 to 1991—and fell 8.4 percent from 1991 to 1992.

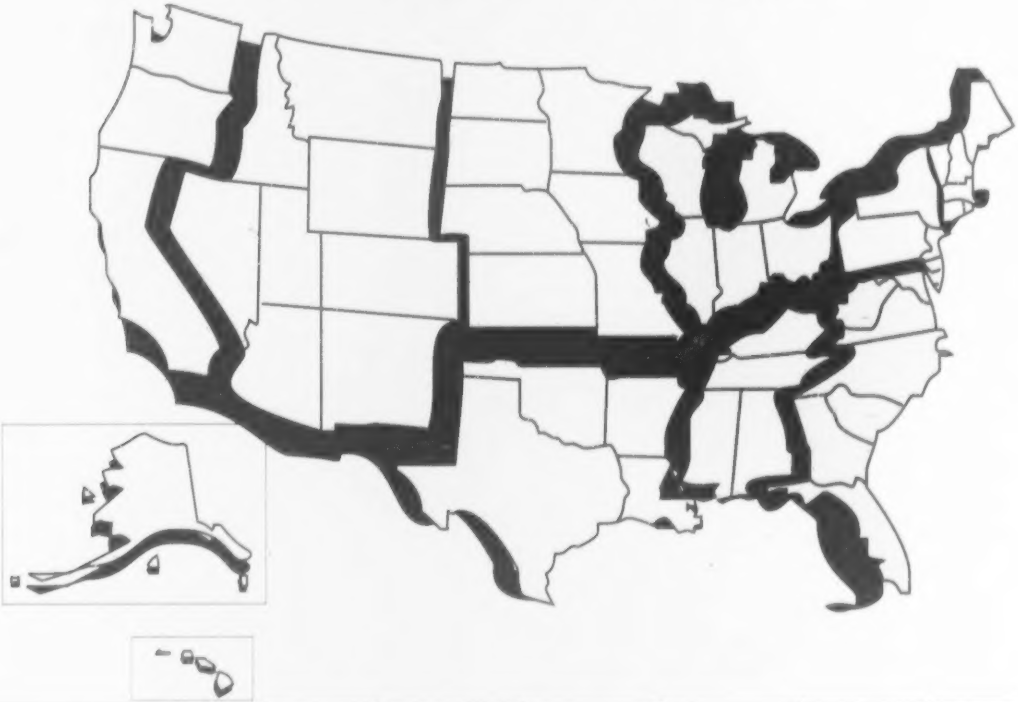


			Percent change 1991 to 1992	Percent change 1990 to 1991
All DVMs	ACT for clinical procedures/drugs	$48.20	+12.1%	+8.6%
	ACT for products	$16.80	+7.0%	−23.0%
Small animal	ACT for clinical procedures/drugs	$51.50	+15.7%	+9.3%
	ACT for products	$16.60	+16.9%	−10.7%
Mixed animal	ACT for clinical procedures/drugs	$32.60	−0.9%	+12.7%
	ACT for products	$14.10	+0.7%	−14.1%
Large animal	ACT for clinical procedures/drugs	$62.30	−8.4%	+40.8%
	ACT for products	$24.70	−29.4%	−0.6%
Equine	ACT for clinical procedures/drugs	$64.00	+9.8%	+25.6%
	ACT for products	$21.10	+3.9%	+2.5%

ACT for clinical procedures/drugs
ACT for products

All figures are 1992 nationwide means (averages)
Base: full-time practicing veterinarians
Note: In 1991, the inflation rate was 3.1 percent; in 1990, it was 6.1 percent.

A REGIONAL LOOK AT ACT CHARGES



	ACT for procedures/ drugs[1]	Percent change*	ACT for products[2]	Percent change*	ACT (total)[3]	Percent change*
New England	$40.30	–8.4%	$14.70	–1.3%	$51.80	–4.6%
Mid-Atlantic	$42.30	–18.2%	$17.60	+13.5%	$54.30	–18.0%
South Atlantic	$53.40	+16.8%	$15.90	– 4.8%	$61.80	+6.6%
Mid-South	$38.50	–2.3%	$23.30	+53.3%	$64.60	+21.4%
South Central	$40.40	+6.6%	**	**	$58.00	+23.1%
Pacific	$66.20	+25.4%	$15.90	–26.7%	$75.50	+14.4%
Mountain	$51.50	+15.0%	$16.70	+23.7%	$62.40	+11.2%
Plains	$40.30	+6.9%	**	**	$63.10	+26.2%
Great Lakes	$44.00	+12.2%	$17.50	+19.0%	$53.10	+7.3%

*1991 to 1992 ** Not available

[1] Clinical procedures and drugs

[2] Merchandised products

[3] Average total charge per transaction. This information is requested and tabulated separately, thus the figures in columns 1 and 3 will not add up to the figures in column 5, which must be treated as a separate entity.

All figures are 1992 means (averages).

Base: full-time practicing veterinarians

SMALL ANIMAL FEES

	Fee	Percent change[2]
Average charge per transaction (total)[1]	$61.80	+12.6%
Office call (includes exam)	$23.70	+13.9%
Lab analysis:		
CBC	$18.90	+3.8%
Fecal	$9.90	+5.3%
Feline leukemia test	$21.60	0%
Heartworm test	$16.80	+11.3%
Serum chemistry profile	$40.40	+18.5%
Urinalysis	$16.80	0%
Basic vaccination:		
Dog	$37.50	+21.8%
Cat	$31.70	+8.2%
Fee for procaine penicillin G injection:		
30-lb dog	$11.70	+5.4%
8-lb cat	$10.80	+8.0%
Hospitalization per day (including daily exam and boarding):		
30-lb dog	$20.40	+1.5%
8-lb cat	$18.60	+1.6

	Fee	Percent change[2]
Boarding, per day:		
30-lb dog	$9.40	−2.1%
8-lb cat	$8.00	+2.6%
Ovariohysterectomy (including anesthesia and hospitalization):		
30-lb dog	$81.60	+1.0%
8-lb cat	$63.20	−1.1%
Diagnostic X-ray series (including sedation):		
2 or fewer films	$66.10	+21.1%
3-6 films	$98.10	+11.9%
Procedures and treatments:		
Heartworm treatment	$196.80	+7.7%
Dental scaling (dog, no extractions)	$64.60	+12.7%
Dental scaling (cat, no extractions)	$56.60	+0.7%
Deworming 30-lb dog[3]	$15.00	+2.7%
Deworming 8-lb cat[4]	$12.80	+9.4%

[1] Clinical procedures, drugs, and merchandised products. For separate figures for clinical procedures and drugs, and merchandised products, see page 22.

[2] Percent increase or decrease from 1991 figures.

[3] Includes hooks, rounds, whips, and tapes.

[4] Includes hooks, rounds, and tapes.

All figures are 1992 nationwide means (averages).

Also according to VETERINARY ECONOMICS' financial survey:

✓ 73.4 percent of small animal doctors are male; 26.6 percent are female.

✓ The average small animal practitioner has been in practice for 13.5 years.

✓ The average small animal practice serves 4,247 active clients (those who've been in at least once in the last year).

✓ The average small animal practitioner sees 80 clients in a typical workweek.

✓ Small animal practitioners work an average of 49.3 hours per week.

✓ In 1991, the average small animal veterinarian took home $62,700. (For more data, see the September issue.)

MIXED ANIMAL FEES

	Fee	Percent change[2]
Average charge per transaction (total)[1]	$48.80	+9.2%
Office call (includes exam)	$17.20	+14.7%
Lab analysis:		
CBC	$15.60	*
Fecal	$8.10	+6.6%
Feline leukemia test	$17.50	+5.4
Heartworm test	$11.70	−4.1
Serum chemistry profile	$26.70	*
Urinalysis	$11.60	+13.7
Basic vaccination:		
Dog	$22.10	+2.3%
Cat	$21.60	+8.0%
Horse	$20.30	+3.0%
Cow	$6.40	*
Pig	$9.70	*
Farm call:		
Mileage charge (cents per mile)	$1.07	+12.6%
Exam charge per animal	$14.20	−6.6%
Average total charge per animal[3]	$40.70	+7.7%

	Fee	Percent change[2]
Hospitalization per day (including daily exam and boarding):		
30-lb dog	$11.00	−13.4%
8-lb cat	$9.80	−31.5%
Horse	$13.00	−17.2%
Cow	$10.30	0%
Pig	$9.20	*
Boarding, per day:		
30-lb dog	$6.70	0%
8-lb cat	$5.60	−3.4%
Ovariohysterectomy (including anesthesia and hospitalization):		
30-lb dog	$60.90	−1.5%
8-lb cat	$49.30	+1.4%
Diagnostic X-ray series (including sedation):		
2 or fewer films	$38.20	−0.3%
3–6 films	$65.70	+1.1%

Also according to the survey:

- ✓ *80.6 percent of mixed animal practitioners are male; 19.4 percent are female.*
- ✓ *The average mixed animal practitioner has been in practice for 14.5 years.*
- ✓ *The average mixed animal practice serves 2,773 active clients (those who've visited at least once in the past year).*
- ✓ *The average mixed animal practitioner sees 72.5 clients in a typical workweek.*
- ✓ *Mixed animal practitioners work an average of 57.1 hours per week.*
- ✓ *In 1991, the average mixed animal veterinarian took home $50,700. (For more data, see the September issue.)* ▶

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[1] Clinical procedures, drugs, and merchandised products. For separate figures for clinical procedures and drugs, and merchandised products see page 22.

[2] Percent increase or decrease from 1991 figures

[3] Includes all medical work performed

*Not available

All figures are 1992 nationwide means (averages)

LARGE ANIMAL FEES

	Fee	Percent change[2]
Average charge per transaction (total)[1]	$84.90	-11.0%
Basic vaccination:		
Beef cow	$10.50	+64.1%
Dairy cow	$3.90	-26.4%
Feedlot steer	$5.60	+12.0%
Calf	$5.70	+46.2%
Pig	$5.90	*
Farm call:		
Mileage charge (cents per mile)	$0.93	+2.2%
Exam charge per animal	$16.50	+13.8%
Average total charge per animal[3]	$38.40	+26.3%
Consultation fee	$48.50	+16.6%

	Fee	Percent change[2]
Procedures and treatments:		
Mastitis treatment	$33.00	+5.1%
Breeding soundness exam	$60.40	+27.2%
Calf scours treatment	$18.60	-5.1%
Deworming (one time)	$10.30	+49.3%
Castration	$32.50	+20.8%
C-section	$146.10	-4.9%
Milk-fever treatment	$33.20	-5.7%
Rectal palpation	$9.10	+102.2%
Fecal	$9.50	+8.0%

[1] Clinical procedures, drugs, and merchandised products. For separate figures for clinical procedures and drugs, and merchandised products, see page 22.
[2] Percent increase or decrease from 1991 figures.
[3] Includes all medical work performed.
*Not available.
All figures are 1992 nationwide means (averages).

Also according to VETERINARY ECONOMICS' financial survey:

✓ 88.6 percent of large animal practitioners are male; 11.4 percent are female.

✓ The average large animal practitioner has been in practice for 16.4 years.

✓ The average large animal practice serves 1,249 active clients (those who've visited at least once in the past year).

✓ The average large animal practitioner sees 51.7 clients in a typical workweek.

✓ Large animal practitioners work an average of 57.4 hours per week.

✓ In 1991, the average large animal veterinarian took home $61,300. (For more data, see the September issue.) ▶

EQUINE FEES

	Fee	Percent change[2]
Average charge per transaction (total)[1]	$80.00	+12.2%
In-clinic visit:		
Exam charge per animal	$22.20	*
Average total charge per animal	$72.80	*
Lab analysis:		
CBC	$17.40	−1.7%
Coggins test	$21.10	+20.6%
Fecal	$11.20	+15.5%
Basic vaccination	$22.50	+4.2%
Farm/field call:		
Mileage charge (cents per mile)	$0.89	+4.7%
Exam charge per animal	$26.10	+45.8%
Average total charge per animal[3]	$66.30	+15.3%
Radiography:		
Two views	$45.20	+22.2%
Navicular series (per foot)	$62.50	+7.8%

	Fee	Percent change[2]
Hospitalization per day (including daily exam and boarding)	$31.20	+43.8%
Fertility workup	$98.90	+10.8%
Breeding soundness exam	$124.30	−3.4%
Lameness exam	$41.40	+17.3%
Procedures and treatments:		
Deworming (one time)	$17.20	+4.9%
Castration	$112.00	+2.5%
Float teeth	$25.40	+4.1%
Suture skin laceration (per half hour)	$55.80	+2.8%
Intensive neonatal care (one-day)	$174.20	−3.0%
Medical treatment for colic (excluding exam fee)	$75.80	+7.8%

[1] Clinical procedures, drugs, and merchandised products. For separate figures for clinical procedures and drugs, and merchandised products, see page 22

[2] Percent increase or decrease from 1991 figures

[3] Includes all medical work performed

*Not available

All figures are 1992 nationwide means (averages)

Also according to the survey:

✓ 78.5 percent of equine practitioners are male; 21.5 percent are female.

✓ The average equine practitioner has been in practice for 14.1 years.

✓ The average equine practice serves 1,125 active clients (those who've visited at at least once in the past year).

✓ The average equine practitioner sees 66.0 clients in a typical workweek.

✓ Equine practitioners work an average of 59.1 hours per week.

In 1991, the average equine doctor took home $63,300. (For more data, see the September issue.) ■